Automotive News

August 19, 1991

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Nissan line gets boss with 'the Infiniti touch'

KRISTINE STIVEN BREESE
Staff Reporter

LOS ANGELES — From the start, Nissan Motor Corp. in U.S.A. has used its Infiniti Division as a test lab for handling customers, training salespersons and polishing its image. Now, by tapping Infiniti's No. 2 executive to head the Nissan Division, the company hopes to transfer some of those lessons to its volume franchise.

Infiniti's general sales manager, Earl Hesterberg, 37, will become a corporate vice president and general manager of the Nissan Division Oct. 1. He will replace Robert J. Thomas, 46, who has headed Nissan for three difficult years. Thomas will become vice president of corporate strategy and resource development, a newly established position.

The move comes as Nissan tries to break out of a prolonged sales slump. Car and truck sales fell from nearly 700,000 in 1987 to 591,145 last year. The slide has made Nissan an industry enigma because it has coincided with the introduction of widely acclaimed products, such as the Maxima and 300ZX.

But Nissan acknowledges that it is hobbled by an outdated operating structure and has been trying to overhaul the way it does business. Hesterberg will try to return Nissan to its prior sales levels while carrying out a reorganization begun under Thomas.

Thomas: three difficult years

Hesterberg: starts Oct. 1

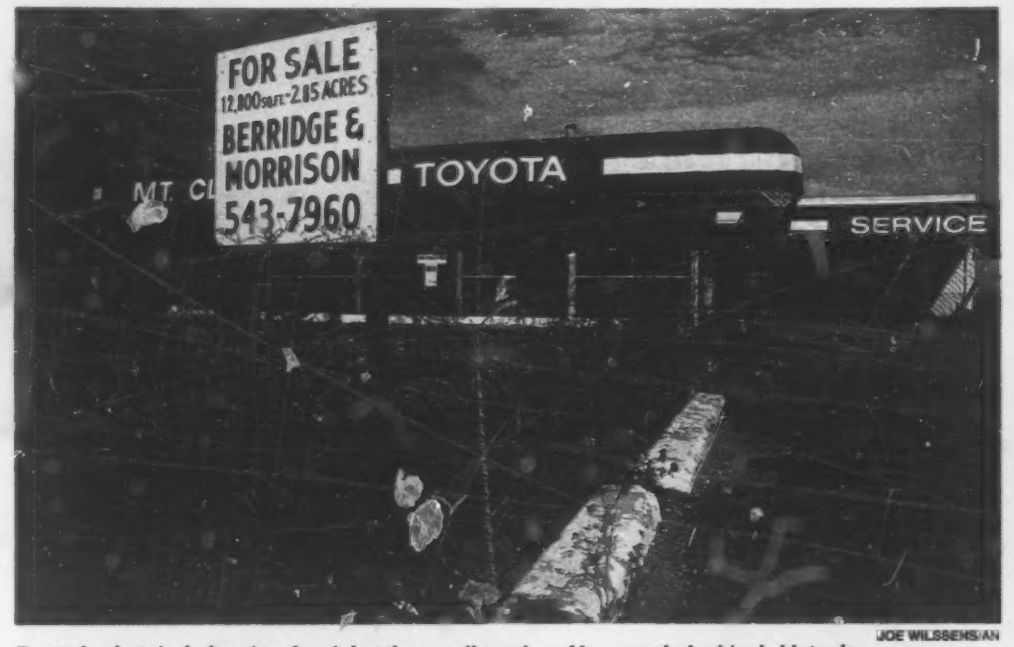
Hesterberg admits he has a task before him.

"Certainly it's a lot easier to start a new division from scratch than to grapple with one that is 20 years old," he said.

"We've been able to be focused on the long term at Infiniti from the beginning. Nissan always has to be concerned with staying competitive in the short term. Hopefully, we'll begin to be able to balance those two, with more emphasis on the long term."

When he gets to Nissan Division,

see NISSAN, 52



JOE WILSSENS/AN

Toyota has lost six dealers since Jan. 1, but the overall number of Japanese dealerships held steady.

Dealership total dips by 328 despite first-half import gain

JOHN K. TEAHEN JR.
Senior Editor

Take equal parts of war, recession and awful sales.

Mix in a cup of red ink, a pinch of tight credit and a dash of overworked incentives.

Simmer over a low flame for six months, and the unappetizing result is dealer attrition.

All those ingredients contributed to a sharp decline in the number of new-car dealerships in the first half of 1991. The mid-year *Automotive News* census found 23,944 outlets in operation in the United States on July 1, down 328 from 24,272 on Jan. 1.

The Big 3 accounted for the entire loss, and then some. The domestic count slipped by 345, to 18,639, during the first half. Conversely, the number of import-only dealerships rose by 17, to 5,305.

CAR DEALERSHIPS IN UNITED STATES

	July 1, 1991	Jan. 1, 1991*
Chrysler Corp.	5,030	5,175
Ford Motor Co.	5,206	5,296
General Motors	8,923	9,048
Totals	19,159	19,519
Minus intercorporate duals	520	535
Net Big 3	**18,639**	**18,984**
Import exclusives	4,184	4,138
Import-only duals	1,121	1,150
Total new-car dealerships	**23,944**	**24,272**

*Revised
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Chrysler Corp. lost 145 car dealerships during the first half. General Motors was down 125, and Ford Motor Co. was off 90. A change in the number of intercorporate duals (outlets that handle the products of two or all of the Big 3) reduced the net dip to 345.

Each of the Big 3 has dealerships that handle only trucks — 22 for Chrysler, 105 for Ford and 415 for GM. They are not included in this tabulation.

The import dealership increase resulted from a rise of 46 exclusives (outlets that handle a single import make and nothing else) and a decline of 29 in the number of

see CENSUS, 37

Ford expects 1,000 sales from four Soviet dealers

KATHY JACKSON
Staff Reporter

Ford Motor Co. expects to sell about 1,000 cars and trucks in the Soviet Union this year through four dealerships.

The first one opened in the Ukraine in May. A second store is scheduled to open in Estonia by November, and service centers will open in Leningrad and Moscow later this year. The service centers will sell and service vehicles; the dealerships do not have service facilities.

Ford is the only U.S. automaker with a full-line dealership in the communist country, but Chrysler Corp. is considering the move. Chrysler spokeswoman Karen Stewart says the No. 3 carmaker is negotiating with the Russians about selling its vehicles there, but

see SOVIET, 52

JOE WILSSENS/AN

Quality and customer satisfaction have been the linchpins of Bob Stempel's game plan for a rebound at General Motors.

Stempel: GM's Stealth chairman

Top exec keeps low profile in first year; team gets the glory

PAUL FRAME
Staff Reporter

A year after the change at the top at General Motors, the question inevitably arises:

Whatever happened to Bob Stempel?

No, wait. It was Roger Smith who retired. And Stempel moved from president to chairman.

In contrast to Smith, Stempel's leadership style has been to maintain a low personal profile and encourage high visibility for his team.

The GM chairman still has incredible power and isn't afraid to use it. And when he uses it, he's effective, but hard to detect.

Call Robert C. Stempel the Stealth chairman.

After seeing Stempel in action for more than a year, auto industry analysts are convinced the GM team, as Stempel calls it, can be a big winner in the 1990s.

Because of Stempel's dogged focus on customer satisfaction and quality, his willingness to listen, devotion to teamwork, and the intense loyalty he evokes from employees, analysts think the rebuilding at GM will take.

"I think GM North American could resemble GM Europe," predicts Philip K. Fricke, analyst with

see STEMPEL, 51

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Dealers sell more used cars than new

CHARLES M. THOMAS
Staff Reporter

For the first time since World War II, used vehicles are outselling new vehicles at the nation's franchised dealerships.

In 1990, dealers sold 14.3 million used vehicles and 13.9 million new ones, said the National Automobile Dealers Association.

Of the used vehicles, 8.9 million were retailed and 5.4 million were wholesaled, chiefly to independent used-car dealers.

In 1989, dealers sold 14.7 million used vehicles and 14.8 million new vehicles, NADA said.

The affordability of used cars, higher prices and weak sales of new cars, and the introduction of nearly new program cars into the marketplace have helped used-car sales overtake new-car sales.

"New-car affordability is definitely a problem, but so are program cars," said Tom Webb, NADA chief economist.

The last time new-car dealers sold more used cars than new ones was during and shortly after World War II, when manufacturers made only military vehicles.

Of the used cars sold at retail, franchised dealerships obtained 69 percent from customer trade-ins and a record 24 percent, up from 20 percent in 1989, from auto auctions.

Increased auction purchases were the result of daily rental company buybacks, known as program cars. Automakers sell those vehicles to daily rental companies, then repurchase them at a depreciated rate and sell them to new-car dealers at auto auctions.

In 1990, the used-vehicle department accounted for 23.9 percent of the average dealership's total dollar sales and 21 percent of total profits. New-vehicle sales accounted for 60.8 percent of the average dealership's revenue but operated in the red, NADA said.

Frank R. Anderson Jr., NADA president and owner of Sir Walter Chevrolet-Geo in Raleigh, N.C., said his dealership sells slightly more used cars than new cars. He expects the used-car trend to continue as new-car prices escalate.

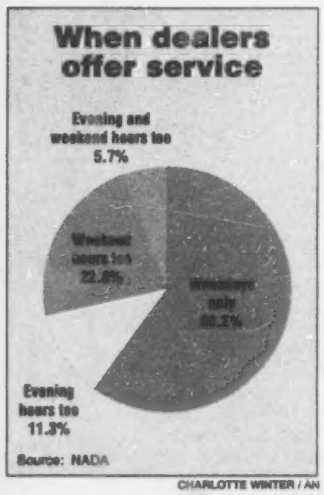
He said program cars make up less than 10 percent of the used cars sold by dealers.

"There is a tremendous advantage to selling used cars — they are less costly for the consumer, and there is a broader market for them," said Anderson.

His dealership concentrates on sales of used cars not only because of the broader market, but because used cars allow a wider mix of vehicles. Anderson is a Chevrolet-Geo dealer, but his used-car operation sells Fords, Chryslers and imports, too.

Moreover, used car sales are not as subject to competitive pressure.

"Selling new against new is competitive," because most brands are similar in appearance and offer roughly the same option packages for about the same price, said Anderson, "but each used car is sold on its own merit."



CHARLOTTE WINTER / AN

Service, parts keep profit up

CHARLES M. THOMAS
Staff Reporter

The average dealership's new-car operation lost money in 1990 as dealers relied on parts and service and used-car sales to bolster sagging revenues, according to a survey of dealers by the National Automobile Dealers Association.

By curtailing expenses and increasing service and parts profits, dealers maintained net profit of 1 percent before taxes in 1990, the same as in 1989. Total sales dipped to $308 billion from $309.7 billion.

Multiple dealership operations are now the rule. More than half of all dealerships are currently part of chains of two or more stores.

Dealerships had record sales of $47.2 billion in parts and service last year, accounting for 15.3 percent of total dealership revenue, up from 12.9 percent in 1985.

Used vehicles accounted for 23.9 percent of total dollar sales in 1990, up from 19.6 percent in 1985. New-vehicle sales dipped to 60.8 percent of total revenue from 67.5 percent in 1985.

Combined profits on used cars and parts and service offset the losses in the new-car department.

Parts and service accounted for 86 percent of total profits last year, and used cars contributed 21 percent. New-car operations resulted in a loss of 7 percent.

THE AMERICAN WAY

Rising star at Nissan takes home habit of "on-off" thinking

MARY ANN MASKERY
Staff Reporter

TOKYO — When Yoshikazu Hanawa returned home earlier this year after nearly seven years in the United States, he brought back a taste for country music, an affection for Southerners and a burning determination to foster understanding between Americans and Japanese.

He also, he says, brought home the unsettling American ability of being able to quickly and firmly say "Yes" or "No."

"The American way of thinking is either on or off," observed Hanawa, the former president of Nissan North America Inc., in a recent interview.

"Ask a question, it's yes or no. But a Japanese answer has variations. So that means, we do not make ourselves clear, even in our own minds."

Hanawa, who was named one of four Nissan Motor Co. executive vice presidents in June, says he learned to appreciate the American propensity for giving — and getting — straight answers.

Where Japanese vagueness fosters flexibility and negotiation, he says, the American penchant for a "straight-forward direct way of living" encourages resolution. But it can also foster inflexibility and a reluctance to compromise, he says.

> We were told that Japan's way was slow and inefficient, and we had to do business like Americans did or we would not keep up.
>
> **Yoshikazu Hanawa**
> Nissan Motor Co.

Hanawa spent five years in Tennessee helping to set up the company's assembly plant in Smyrna and, more recently, 18 months commuting among Los Angeles, Smyrna and Detroit, setting up Nissan North America.

These days, the 57-year-old Hanawa says he finds himself halfway between the American way and the Japanese way.

"Japanese people say I have changed. I like the American way. I expressed my opinion clearly. I kept to my own terms," he says.

"But still I am Japanese — I put my job before my family," he says. Hanawa's wife and three children stayed in Japan during his years in the United States.

Asked if Americans are changing more toward Japanese thinking, he says, "I don't think so. Americans don't like compromise." But, he added, he is sure they are trying.

Hanawa recalls that the Americans and Japanese clashed "every day" during his five years at Smyrna because of the two sides' different approaches to problem resolution.

"The Americans felt frustrated all day. We felt frustrated," he recalls.

The disputes were not over major issues, he says. Rather, it was the small things that triggered disputes, like one discussion over telephone poles that "went on for months," he recalls.

Hanawa's original impressions of the United States changed during his tour there, he says. He was 11 years old when World War II ended, and he remembers the poverty of his teenage years in Japan, of "trying to support myself with grass that I pulled from the side of

see HANAWA, 50

DAVID NELSON
Back in Japan, Hanawa is a key adviser to President Yutaka Kume.

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Chrysler headlines sound like '80

JOSEPH BOHN
Staff Reporter

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Shades of 1980.

A "troubled," "cash-poor," even "sick" Chrysler Corp. is again making headlines in newspapers such as *The Boston Globe* and *USA Today*. Articles raising questions about Chrysler's long-term survival have even spooked some buyers from showrooms.

To be sure, as Don Buhler, owner of Buhler Dodge in Red Bank, N.J., and co-owner of Buhler & Bitter Chrysler-Plymouth in Hazlet, N.J., pointed out, "the negative talk is not nearly as bad as 10 or 12 years ago."

At that time, Chrysler's problem was paying its bills.

The 1991 company can easily pay its bills, and reported $3.1 billion in cash and marketable securities as of June 30.

But the long-term challenge is continuing to fund future product development as new products are introduced — and to see that those new products sell.

A West Coast Chrysler dealer, who declined to be identified, said negative publicity has hurt his sales.

"They don't want to buy the product unless they can absolutely steal it because they don't feel Chrysler will be around to back the warranty," he said. "I think it's unjustified. The whole auto industry is suffering right now."

But other Chrysler dealers, such as Robert Harris, general manager of Mission Chrysler-Plymouth in West Covina, Calif., said they haven't had any customer feedback from the negative publicity.

"Most of the people that come in here are loyal Chrysler buyers that don't care what anybody said. The only feedback we had was on the

see CHRYSLER, 50

TRUCK INDUSTRY

Parts and service keep heavy-truck dealers in the black, ATD survey finds

JOSEPH BOHN
Truck Editor

Medium- and heavy-truck dealers' profitability has been very good in view of the depressed new-truck sales market.

The American Truck Dealers' 20-Group surveys show that parts and service sales continue to be strong and dealers are doing an excellent job of service absorption.

That means parts and service departments are covering more of the dealerships' overall operating expenses, said Fred Stevenson, manager of the group's consulting services in McLean, Va. But service work alone can't compensate for a plunge of nearly 20 percent in new-truck dollar sales.

The truck group is a division of the National Automobile Dealers Association.

For the first five months of 1991, the average dealer had a total net operating profit of $53,000, down from $167,500 in 1990.

Dealers have been earning an 0.8 percent net profit on sales compared to a 2.2 percent profit in 1990.

The average dealer's new-truck sales of $3,509,000 in the period were off 19.9 percent from $4,382,500 last year.

The average dealer's service absorption rate rose 2.3 percentage points to 91.1 percent during the five-month period, compared to the 1990 percentage.

Total parts sales of $1,594,000 were off only slightly from $1,602,000 in 1990.

Total labor sales of $580,500 were up from $564,500 in 1990.

Used-truck sales of $865,000 for the five-month period this year were about even with the $862,500 in sales recorded during the year-ago period.

BRIEFS

Bendix cautions on brake failures

ELYRIA, Ohio — Bendix Heavy Vehicle Systems sent out advisory letters to 101,000 owners of 1987 and later-model Kenworth, Peterbilt and Freightliner trucks, warning them of potential parking brake problems.

Bendix said a 1987 change in engine oil formulation from SF to SC can cause deterioration of the valve seal, permitting the parking brake to self-release, according to its lab research and field test data.

There have been at least 18 accidental self releases on its MV-2 parking brake valves over the past 17 months, though none has caused injury, the company said.

Bendix advised owners to have dealers or authorized distributors install MV-2 service kits installed to eliminate the potential problem.

Isuzu Truck plans new headquarters

SOUTH EL MONTE, Calif. — Isuzu Truck of America Inc. expects to move into new corporate offices in Brea, Calif., by Thanksgiving.

Steve Allen, Isuzu Truck vice president and general manager, said the company will occupy about two-thirds of a new building now under construction.

Isuzu Truck has been in its present location for seven years and has grown rapidly. The company employs about 75 people and is adding a few people in sales and marketing.

The new building will give Isuzu Truck more room to expand and a more central location, Allen said.

Public recognizes truck progress

DETROIT — Truck manufacturers received high marks for their safety and environmental improvements in a national survey conducted by ICR Research Group in Media, Pa., for the Motor Vehicle Manufacturers Association.

Some 81 percent of 1,000 survey respondents agreed that today's trucks are more pollution-free than older models.

Seventy-nine percent agreed that truckmakers have done a good job of making trucks visible to other drivers at night, and 60 percent agreed that today's trucks are equipped with state-of-the-art safety features.

Still, the survey also showed the public feels that truck drivers have significant room for improvement in driving safety and consideration for car drivers, even though respondents recognized the difficult job truck drivers have.

Until safety issues, especially driver safety, are neutralized, trucks pulling more than one trailer probably will be unacceptable to the public, ICR said.

JULY 1991 TRUCK SALES BY GVW

	July 1991	July 1990	Y-T-D 1991*	Y-T-D 1990
Class 1-3	111,453	125,274	689,261	842,977
Class 4	1,868	2,779	12,299	17,254
Class 6	576	789	3,250	3,314
Class 7	2,453	2,839	12,330	16,615
Class 8	916	1,475	5,028	8,384
FORD	**117,266**	**133,156**	**722,168**	**888,544**
Class 8	1,688	2,050	12,634	13,828
FREIGHTLINER	**1,688**	**2,050**	**12,634**	**13,828**
Class 1-3	100,554	117,365	636,225	776,194
Class 4	201	0	904	0
Class 5	7	35	62	185
Class 6	267	784	1,864	4,287
Class 7	563	793	3,775	4,297
CHEVROLET	**101,592**	**118,977**	**642,830**	**784,963**
Class 1-3	27,753	32,516	167,128	201,506
Class 4	120	0	627	0
Class 5	15	113	214	1,743
Class 6	363	672	2,255	3,260
Class 7	969	1,449	8,778	8,568
GMC	**29,220**	**34,750**	**179,002**	**215,077**
Class 7*	30	35	174	238
Class 8	996	1,201	6,331	8,733
KENWORTH	**1,026**	**1,236**	**6,505**	**8,971**
Class 6	44	82	305	752
Class 7	58	109	408	1,003
Class 8	866	1,418	6,334	9,361
MACK	**968**	**1,609**	**7,047**	**11,116**
Class 6	21	28	191	325
Class 7	94	140	473	696
MERCEDES-BENZ	**115**	**168**	**664**	**1,021**
Class 4	1	16	15	43
Class 5	1	12	22	75
Class 6	967	873	4,583	7,983
Class 7	3,470	2,882	18,704	17,630
Class 8	1,689	2,584	13,636	16,655
NAVISTAR	**6,128**	**6,367**	**36,960**	**42,386**
Class 7	26	15	155	264
Class 8	950	1,034	5,425	7,214
PETERBILT	**976**	**1,049**	**5,580**	**7,478**
Class 7	132	61	555	448
Class 8	1,059	944	6,261	8,208
VOLVO/GM HEAVY	**1,191**	**1,005**	**6,816**	**8,656**
Class 1-3	10	21	160	201
Class 4	5	0	21	0
Class 5	14	40	232	280
Class 6	21	49	344	366
Class 7	28	47	380	582
HINO	**78**	**157**	**1,137**	**1,429**
Class 1-3	58	60	340	428
Class 5	40	59	418	543
Class 6	44	51	231	307
Class 7	35	30	211	306
NISSAN DIESEL	**177**	**200**	**1,200**	**1,584**
Class 1-3	377	475	3,786	3,608
Class 4	102	57	586	426
Class 5	27	33	530	238
Class 6	45	75	498	1,300
Class 7	18	46	133	356
ISUZU TRUCK	**569**	**686**	**5,533**	**5,928**
Class 1-3	140	146	972	1,135
Class 5	69	32	376	400
Class 6	35	30	207	165
Class 7	28	35	206	336
MITSUBISHI FUSO	**272**	**243**	**1,761**	**2,036**
Class 8	5	6	32	68
SCANIA	**5**	**6**	**32**	**68**
Class 1-3	0	186	908	903
Class 4	0	65	297	295
Class 5	0	34	149	149
Class 6	0	20	96	95
IVECO TRUCKS**	**0**	**305**	**1,450**	**1,442**
Class 8	48	99	374	611
WESTERN STAR	**48**	**99**	**374**	**611**
Class 1-3	153,480	142,332	775,927	1,110,468
Class 6	0	0	0	34
Class 7	0	0	0	1
Class 8	35	68	280	399
OTHER TRUCKS	**153,515**	**142,400**	**776,207**	**1,110,902**
CLASS 1-3	**393,825**	**418,375**	**2,274,787**	**2,937,429**
CLASS 4	**2,297**	**2,917**	**14,749**	**18,018**
CLASS 5	**173**	**358**	**2,083**	**3,613**
CLASS 6	**2,383**	**3,453**	**13,824**	**22,188**
CLASS 7	**7,954**	**8,481**	**46,282**	**51,340**
CLASS 8	**8,252**	**10,879**	**56,335**	**73,461**
TOTAL TRUCKS	**414,834**	**444,463**	**2,407,980**	**3,106,049**

* Automotive News estimate. **1990 figures are Automotive News estimates.
Source: Automotive News Data Center and MVMA

Sales soothsayers see recovery — sometime

JOSEPH BOHN
Truck Editor

Medium- and heavy-truck sales continue to be soft — and puzzling — to manufacturers who are monitoring every indicator they can to figure out when the recovery will occur.

As Terry Huber, Ford Heavy Truck Operations dealer sales manager said, "We're confident the recovery will occur; but we're having a difficult time pinning down when and how much recovery there will be."

Soft sales numbers of Classes 4-7 and heavy Class 8 trucks are causing all makers to study their plant capacities and to see what they can do to keep assembly lines going without a lot of downtime.

Ford has been more aggressive in marketing its Cargo trucks after moving production from Brazil to the Kentucky Truck Plant in Louisville this year.

Huber declined to discuss dollar figures, but dealers say Ford has been offering dealer incentives of $1,600 on the CF-7000 to $2,000 on the CF-6000 and CF-8000.

Ford has various other incentives on Cargo and some of its other medium-duties, including a special salesperson contest.

Importers like Isuzu Truck of America Inc. and Mitsubishi Fuso Truck of America also have been putting incentives on their low-cab-forwards to counteract the contraction in this segment.

Isuzu's year-long salesperson/sales manager contest, for example, pays several hundred dollars per unit, according to Steve Allen, vice president and general manager.

The company has managed to increase its share of the low-cab-forward segment this year, but overall, its sales are down. As the biggest retailer of low-cab-forwards, Isuzu's share of this segment in Classes 4-6 rose to 14.4 percent in the first five months from 13.6 percent a year ago. Its overall sales are down primarily because of lackluster demand from major fleet accounts.

It's all over for Iveco, but for parts and service

JOSEPH BOHN
Truck Editor

Iveco Trucks of North America Inc. has ended sales several months earlier than anticipated.

The company, which almost a year ago announced it was pulling the plug on U.S. operations, is still in business as a parts and service organization. Its headquarters will be in Bensalem, Pa., according to James Underwood, senior vice president of sales.

Underwood is working with other officials at Iveco's offices in Blue Bell, Pa., to put the parts and service organization together.

Underwood said that work will be done in about 40 days, and that he will leave the company then.

He expects finalization of the new organization to require another couple of months. The organization is actually operational now, but requires a finance support staff and some additional personnel who will transfer from Blue Bell to Bensalem.

The Blue Bell office will be officially closed Dec. 31. Aside from Underwood, a few officials such as Luciano Rolando, chairman and president, and William E. Eichner, senior vice president of business planning, are still there.

Iveco has sold every truck it had brought into the country, an estimated 1,400 to 1,500 unit inventory, according to Underwood.

Strong dealer support was the key to selling the products so quickly, Underwood said.

Iveco lost only about a dozen dealers since announcing last September that it would stop selling trucks in the United States by the end of this year.

It forecast needing about 140 dealers to maintain strong service and parts support after its pullout. In fact, about 150 to 155 dealers out of 165 have elected to continue servicing the trucks.

The company gave dealers strong support and they sold the inventory quickly.

Underwood declined to give specific dollar figures, but dealers said their salespersons received $700 spiffs on each unit they sold and the company added $2,000 to $4,500 in incentives per vehicle.

Underwood said although dealers cleaned out the supply pipeline rapidly they did not order additional trucks, which they had the option of doing through June 30.

Both Sterling Motor Cars and Peugeot Motors of America, which earlier this month announced their withdrawals from the U.S. market, will go through a similar experience.

The key to an orderly transition out of the country will be "their ability to keep their sales force together," Underwood said.

IMPORT EXCLUSIVES

(Dealerships handling one import make and nothing else)

	Number of exclusives	Number of dealers	Percent of exclusives
Honda	789	979	80.6
Toyota	703	1,183	59.4
Nissan	525	1,107	47.4
Mitsubishi	363	501	72.5
Acura	299	300	99.7
Mazda	250	881	28.4
Hyundai	211	462	45.7
Subaru	180	723	24.9
Volvo	132	401	32.9
Lexus	107	124	86.3
BMW	104	370	28.1
Mercedes-Benz	97	407	23.8
Volkswagen	88	731	12.0
Infiniti	88	89	98.9
Saab	66	320	20.6
Peugeot	32	151	21.2
Yugo	25	174	14.4
Alfa Romeo	23	183	12.6
Jaguar	21	137	15.3
Isuzu	18	595	3.0
Daihatsu	17	226	7.5
Suzuki	14	302	4.6
Ferrari	14	40	35.0
Maserati	7	60	11.7
Lamborghini	7	16	43.8
Rolls/Bentley	3	49	6.1
Audi	1	337	0.3
Porsche	0	245	0.0
Sterling	0	124	0.0
Lotus	0	70	0.0
Aston Martin	0	13	0.0

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NEW-CAR FRANCHISES IN THE UNITED STATES

	July 1, 1991	Jan. 1, 1990
Chrysler	2,943	3,002
Dodge	2,881	2,940
Eagle	1,552	1,572
Plymouth	2,925	2,981
TC by Maserati	301	307
Chrysler Corp.	**10,602**	**10,802**
Ford	4,367	4,452
Lincoln	1,628	1,636
Mercury	2,682	2,713
Ford Motor Co.	**8,677**	**8,801**
Buick	2,915	2,930
Cadillac	1,605	1,620
Chevrolet	4,670	4,750
Geo	4,118	4,143
Oldsmobile	3,075	3,105
Pontiac	2,940	2,960
Saturn	108	58
General Motors	**19,431**	**19,586**
UNITED STATES	**38,710**	**39,189**
Daihatsu	226	235
Acura	300	300
Honda	979	974
American Honda	**1,279**	**1,274**
Isuzu	595	591
Mazda	881	876
Mitsubishi	501	500
Infiniti	89	80
Nissan	1,107	1,113
Nissan Motor	**1,196**	**1,193**
Subaru	723	732
Suzuki	302	288
Lexus	124	121
Toyota	1,183	1,189
Toyota Motor	**1,307**	**1,310**
JAPAN	**7,818**	**6,998**
BMW	370	377
Mercedes-Benz	407	408
Porsche	245	258
Audi	337	341
Volkswagen	731	744
VW of America	**1,068**	**1,085**
GERMANY	**2,090**	**2,128**
Saab	320	340
Volvo	401	407
SWEDEN	**721**	**747**
Aston Martin	13	14
Jaguar	137	137
Lotus	70	71
Rolls-Royce/Bentley	49	53
Sterling	124	128
GREAT BRITAIN	**393**	**403**
Hyundai	462	423
SOUTH KOREA	**462**	**423**
Alfa Romeo	183	193
Ferrari	40	40
Lamborghini	16	16
Maserati	60	42
ITALY	**299**	**291**
Peugeot	151	170
FRANCE	**151**	**170**
Yugo	174	175
YUGOSLAVIA	**174**	**175**
TOTAL	**58,819**	**58,595**

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CENSUS

FROM PAGE 1

stores that stock two or more imports but no Big 3 line.

The loss of 328 dealerships in the first half indicates that the full-year decline will be more severe than it was in 1990. Last year, the downturn for the industry was 452 outlets. Unless there is a late-year improvement in the industry's fortunes, the 1991 dip could be close to 700. That would be the steepest drop since 1982, the final year of the early 1980s recession.

All figures in this article and the accompanying tables refer to the net change in dealership totals.

For the Big 3, franchise counts of individual makes tumbled along with the corporate dealership figures. Chevrolet and Ford, the two biggest dealer organizations, were down 85 and 80. Plymouth, Dodge and Chrysler reported declines of 56 to 59; Pontiac, Eagle, Oldsmobile and Mercury dropped 20 to 31.

Buick, the only domestic make to show a sales increase in the first half, lost 15 dealers. The only Big 3 dealer group to show a gain was newcomer Saturn, which rose from 58 at the beginning of the year to 108 on July 1.

The nation's dealers held 459 fewer Big 3 franchises on July 1 than they did on Jan. 1.

It was a different story for the Japanese, which account for nearly two-thirds of the import franchises. Their totals were steady in the first half; no major increases, but no big declines, either. Toyota and Nissan wound up with six fewer dealers than on Jan. 1. Honda and Mazda were up five apiece; Mitsubishi added one.

Despite an 18 percent sales decline, Hyundai reported a first-half gain of 39 dealers, the biggest increase among the imports.

Franchise totals declined for all of the German, Swedish, British and French makes, but only Saab, Peugeot, Porsche, Volkswagen and Italy's Alfa Romeo had double-digit dips.

Peugeot is withdrawing from the U.S. market. Peugeot Motors of America has told its 151 U.S. dealers that after September, the French manufacturer will not produce cars for sale in the United States.

Sterling Motor Cars, with 124 dealers at midyear, also has thrown in the towel, effective at the end of the 1991 model year.

Although its sales plunged 67 percent, Yugo said it had a first-half decline of only one outlet.

The Japanese dominate the most important import segment — the single-line stores. There are 4,184 of them, and 3,353 (80 percent) are Japanese.

Honda is the leader with 789 exclusives, followed by Toyota, 703; Nissan, 525; Mitsubishi, 363; Acura, 299; and Mazda, 250. Hyundai, which reports 211 one-liners, has the most among the other nations. Also listing more than 100 exclusives are Japan's Subaru, 180, and Lexus, 107, plus Sweden's Volvo, 132, and Germany's BMW, 104.

In this tabulation, an exclusive is a dealership that has a stand-alone sales and service facility. All 501 Mitsubishi dealers have separate showrooms, but 138 of them share service quarters with another make.

The *Automotive News* import compilation includes U.S. dealer-totals for 32 makes of cars from eight foreign lands. The imports reported 11,300 franchises in effect on July 1, down just 36 from the Jan. 1 tally. As noted, the Big 3 franchise count dropped by 459 during that period.

Because of extensive dualing, the Big 3 dealership total and the import dealership total are much lower than their franchise tallies. The 18,639 Big 3 dealerships hold 38,710 franchises from the three corporations. Added to those

The loss of 328 dealerships in the first half indicates that the full-year decline will be more severe than it was in 1990.

18,639 outlets are 4,184 import exclusives and 1,121 import-only duals, resulting in a total of 23,944 new-car dealerships in the United States.

An estimated 16,374 locations handle a captive import along with their domestic cars, but those outlets are included in the Big 3 total. A captive import is a foreign-built line sold only by the Big 3 make that imports it. Pontiac LeMans and Ford Festiva are examples.

And some Big 3 stores carry an independent import along with their domestic and captive brands. Those import franchises also are counted in the Big 3 total.

Thus, the three elements of the new-car-dealership population in the United States are Big 3, import exclusives and import-only duals.

On July 1, cars with foreign nameplates could be purchased at an estimated 22,585 dealerships in the United States. That included the 16,374 Big 3 outlets with captive imports and the 5,305 import-only spots. The balance were Big 3 duals with independent imports (with no captive in the house).

Most captive imports are not included in the mid year franchise count of 50,010 because they are part of the parent franchise. Exceptions are Chevrolet's Geo and Chrysler's TC by Maserati, which are separate franchises and are listed separately.

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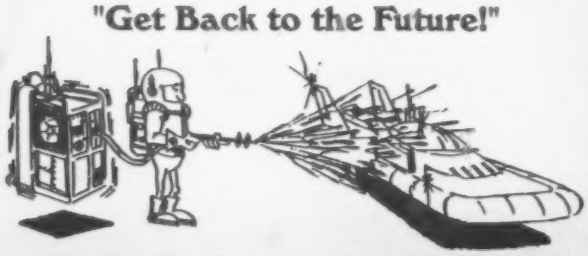

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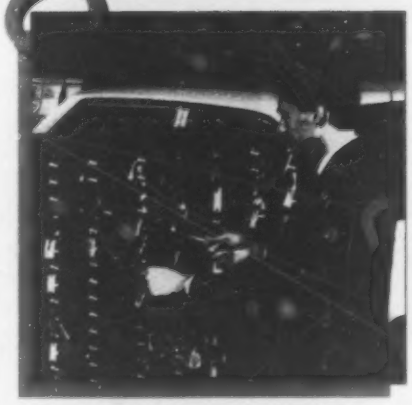

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Lexus, Infiniti outsell German foes

DAVID VERSICAL
National Editor

For the first time ever, both Lexus and Infiniti outsold BMW and Mercedes-Benz last month.

The development is another sign of the growing strength of Japanese luxury cars and comes less than two years after the two makes entered the U.S. market. Lexus had outsold both of the prestigious German makes three times before. Infiniti topped BMW for the first time in June, and last month it outsold BMW again while passing Mercedes for the first time.

Lexus sold 6,550 cars in July, and Infiniti sold 5,441, its best month ever. BMW had 4,859 sales, a 3.2 percent hike over July 1990 that was aided by a 11.8 percent increase for its 3 series, which includes the new 325. Mercedes sales fell 9.9 percent to 4,758.

Lexus sales rose 17.0 percent, helped by 1,446 sales of its new SC400. Infiniti's rose 158.2 percent. While M30 sales fell, Q45 sales more than doubled. Infiniti gained 1,885 sales from the G20, which wasn't on the market a year ago.

Overall sales of imported cars continued to underperform the total U.S. car market in July. Sales of imported cars were off 8.3 percent for the month, while total car sales fell 3.8 percent.

That echoed the trend for the first seven months of the year. Imported cars were off 16.8 percent, while total car sales in the United States dropped 13.0 percent.

IMPORT SALES BY MODEL

	July 1991	July 1990	7 Mos., 1991	7 Mos., 1990
Integra	5,632	7,685	42,297	50,844
Legend	5,883	5,491	36,600	34,058
NSX	201	0	1,400	0
Vigor	1,712	0	4,698	0
ACURA	**13,428**	**13,176**	**84,995**	**84,902**
Milano	1	3	3	32
Spider	126	162	991	1,318
164	155	275	1,370	478
ALFA ROMEO	**282**	**440**	**2,364**	**1,828**
ASTON MARTIN*	**5**	**5**	**35**	**35**
4000	0	1	0	1
5000	0	0	0	11
80	135	330	1,134	2,760
90	62	228	732	2,098
V8 Quattro	16	209	278	1,087
Coupe Quattro	16	51	195	554
100/200	471	643	4,144	5,111
100/200 Quattro	72	90	533	1,023
AUDI	**772**	**1,552**	**7,616**	**12,645**
3 series	2,624	2,346	14,098	17,287
5 series	1,618	1,616	10,305	13,046
635CSi	0	14	6	218
7 series	482	537	2,751	4,957
850i	96	0	1,130	0
M3	17	55	270	473
M5	22	41	238	189
M6	0	0	0	6
BMW	**4,859**	**4,709**	**28,798**	**36,196**
Geo Storm	9,185	6,581	50,956	53,491
Geo Metro (Import)	1,285	4,034	7,747	37,177
Geo Metro (Domestic)	*5,830*	*4,184*	*39,239*	*14,975*
CHEVROLET/GEO	**10,470**	**10,615**	**58,703**	**90,868**
Colt	2,739	3,612	16,283	21,877
Conquest	0	0	0	896
Medallion	0	0	0	475
Stealth	1,663	0	11,212	0
Summit (Import)	781	1,126	4,692	8,903
Summit (Domestic)	*743*	*0*	*4,258*	*0*
Vista	745	337	4,455	3,285
TC	46	224	799	2,319
CHRYSLER MOTORS	**5,974**	**5,299**	**37,441**	**37,755**
DAIHATSU	**655**	**806**	**3,877**	**6,701**
FERRARI*	**80**	**80**	**560**	**560**
FORD Festiva	**2,966**	**5,243**	**22,146**	**34,793**
Civic/CRX (Import)	6,628	4,838	40,895	39,574
Civic (Domestic)	*17,294*	*15,969*	*85,033*	*118,959*
Accord (Import)	4,150	15,133	47,724	83,163
Accord (Domestic)	*22,960*	*28,161*	*192,818*	*163,412*
Prelude	2,395	3,905	14,510	25,429
HONDA	**13,173**	**23,876**	**103,129**	**148,166**
Excel	6,219	8,249	37,573	62,056
Sonata*	2,327	2,420	13,092	18,486
Scoupe	2,810	0	17,781	0
HYUNDAI	**11,356**	**10,669**	**68,446**	**80,542**
M30	690	907	3,398	4,143
Q45	2,866	1,200	8,925	7,232
G20	1,885	0	8,707	0
INFINITI	**5,441**	**2,107**	**21,030**	**11,375**
I-Mark	6	88	80	1,020
Impulse	179	298	2,217	1,176
Stylus	634	0	5,903	0
ISUZU	**819**	**386**	**8,200**	**2,196**
XJ6	607	1,084	3,683	7,994
XJS	226	326	1,492	2,866
JAGUAR	**833**	**1,410**	**5,175**	**10,860**
LAMBORGHINI*	**13**	**13**	**91**	**91**
ES250	1,369	1,990	10,832	11,372
LS400	3,735	3,606	21,012	22,663
SC400	1,446	0	3,004	0
LEXUS	**6,550**	**5,586**	**34,848**	**34,035**
LOTUS*	**27**	**27**	**189**	**189**
MASERATI*	**20**	**20**	**140**	**140**
323	1,440	2,130	11,041	12,898
Protege	5,546	5,134	29,008	28,626
626 (Import)	672	1,230	9,843	15,512
626 (Domestic)	*4,005*	*5,293*	*36,691*	*23,385*
MX-6 (Import)	202	18	1,189	112
MX-6 (Domestic)	*870*	*2,194*	*16,949*	*18,601*
Miata	2,538	3,105	22,890	22,994
929	1,246	1,623	8,489	9,831
RX-7	776	929	4,552	6,329
MAZDA	**12,428**	**14,169**	**87,012**	**96,302**
190	936	1,013	8,296	7,384
300E 2.6/260E	464	151	2,689	1,273
300	1,000	1,772	7,619	14,330
300SE	455	448	2,351	3,837
350SDL Turbo	155	191	824	425
350SD	169	0	880	0
300SEL	97	255	816	2,188
420SEL	625	515	2,746	3,877
560SEL	307	324	1,553	2,675
SL Coupe	473	379	4,735	4,766
560SEC	51	150	364	1,058
Tourist	26	86	304	778
MERCEDES	**4,758**	**5,284**	**33,177**	**42,591**
Tracer	4,510	3,523	26,498	13,018
Capri	2,239	1,707	12,133	2,468
XR4Ti	0	0	0	198
Scorpio	0	0	0	2,424
MERCURY	**6,749**	**5,230**	**38,631**	**17,347**
Starion	0	1	0	18
Diamante	2,597	0	6,370	0
Mirage (Import)	874	1,416	15,168	36,952
Mirage (Domestic)	*2,531*	*31*	*12,344*	*31*
Galant	2,976	2,923	22,427	28,650
Sigma	8	136	140	1,322
Precis	200	263	1,353	2,927
3000GT	817	14	7,661	14
Wagon	10	106	182	713
MITSUBISHI	**7,482**	**4,859**	**53,301**	**70,596**
Sentra (Import)	4,086	3,426	15,650	39,545
Sentra (Domestic)	*11,001*	*9,349*	*72,023*	*57,909*
Pulsar	1	153	31	3,508
NX	1,181	0	3,869	0
Stanza	7,446	8,278	40,230	45,964
Maxima	12,146	7,962	58,860	59,068
240SX/200SX	3,848	5,226	19,752	31,017
300ZX	1,237	1,610	8,224	13,214
Hawaii	301	229	1,403	1,920
NISSAN	**30,246**	**26,884**	**148,019**	**194,236**
PEUGEOT	**279**	**337**	**2,240**	**2,713**
PONTIAC LeMans	**4,170**	**6,338**	**21,738**	**25,671**
924S/944	0	10	0	169
944S/Cabriolet	132	225	607	1,356
944 Turbo	0	21	0	450
911 Carrera 2	127	273	1,322	2,229
911 Turbo	46	2	295	8
911 Carrera 4	59	182	443	1,217
928S/GT	42	37	177	396
PORSCHE	**406**	**750**	**2,844**	**5,881**
ROLLS/BENTLEY*	**50**	**100**	**500**	**700**
900	227	668	3,091	3,058
900S	422	1,158	4,260	4,089
900 Turbo	212	776	2,965	4,743
9000S	623	311	2,636	1,339
9000CD	405	232	1,790	1,992
9000 Turbo	260	458	1,270	1,553
Tourist	18	29	63	107
SAAB	**2,167**	**3,632**	**16,875**	**16,881**
STERLING	**493**	**273**	**1,878**	**2,609**
Legacy (Import)	1,380	5,672	11,754	32,352
Legacy (Domestic)	*6,063*	*1,965*	*30,222*	*4,911*
Loyale	2,559	1,623	18,481	14,592
XT/XT6	101	50	1,027	865
Justy	583	966	4,360	8,699
SUBARU	**4,623**	**8,311**	**35,622**	**56,508**
SUZUKI	**474**	**533**	**2,670**	**3,690**
Corolla (Import)	3,614	7,044	37,296	52,367
Corolla (Domestic)	*16,323*	*10,632*	*74,103*	*27,409*
Paseo	3,766	0	7,864	0
Tercel	9,729	6,798	63,439	55,719
Celica	5,083	6,438	40,763	49,385
Supra	329	464	2,188	4,374
Camry (Import)	4,232	6,506	36,697	38,331
Camry (Domestic)	*25,951*	*17,348*	*118,840*	*36,224*
Cressida	799	1,200	5,876	6,461
MR2	730	1,473	6,650	8,397
TOYOTA	**23,282**	**29,923**	**200,773**	**215,834**
Cabriolet	637	706	3,761	5,192
Corrado	185	585	3,252	3,167
Jetta	3,619	4,737	23,942	37,721
Golf/GTI	1,355	2,313	8,671	10,119
Passat	1,536	1,449	9,526	8,558
Quantum	0	2	2	28
Scirocco	0	0	0	9
Fox	958	1,755	8,528	15,201
VOLKSWAGEN	**8,290**	**11,547**	**57,682**	**79,995**
240 series	1,005	2,796	16,805	20,698
700 series*	3,110	4,670	20,139	35,479
940 series*	1,560	0	7,763	0
Tourist	90	173	315	762
VOLVO	**5,765**	**7,639**	**45,022**	**58,939**
YUGO	**279**	**569**	**1,507**	**4,284**
IMPORT TOTAL	**194,656**	**212,387**	**1,235,874**	**1,485,654**

*Estimate * Includes units produced in Canada NOTE: Domestic cars not included in imported totals. Compiled by Karen Dotkowski

CANADIAN CAR AND TRUCK SALES

JULY 1991

	July 1991	July 1990	7 mos. 1991	7 mos. 1990
BMW (imported car)	**432**	**351**	**2,582**	**2,268**
N.A. car	8,389	7,043	61,734	67,393
Imported car	1,770	936	11,926	9,612
N.A. truck	10,351	7,374	61,739	57,530
Imported truck	135	72	827	1,120
CHRYSLER	**20,645**	**15,425**	**136,228**	**135,856**
N.A. car	13,376	12,104	89,166	94,834
Imported car	598	577	4,658	3,789
N.A. truck	9,774	9,672	62,699	78,234
FORD	**23,748**	**22,353**	**156,523**	**176,857**
N.A. car	29,491	26,389	188,804	191,753
Imported car*	1,273	859	3,944	3,117
N.A. truck	12,769	12,732	87,784	94,038
Imported truck	367	232	2,313	2,344
GM	**43,900**	**40,212**	**282,845**	**291,252**
N.A. car	2,716	3,043	15,453	20,119
Imported car	6,998	5,400	49,975	40,488
HONDA	**9,714**	**8,443**	**65,428**	**60,607**
N.A. car	505	518	3,132	3,313
Imported car	1,535	1,178	10,363	9,984
HYUNDAI	**2,040**	**1,696**	**13,495**	**13,297**
JAGUAR (imported car)	**54**	**73**	**425**	**785**
Imported car	56	48	285	398
Imported truck	16	16	102	106
LADA	**72**	**64**	**387**	**504**
LAND ROVER (imported truck)	**14**	**8**	**83**	**16**
N.A. car	774	614	4,319	2,589
Imported car	1,663	2,355	17,974	17,617
Truck**	1,563	1,790	14,350	11,440
MAZDA	**4,000**	**4,759**	**36,643**	**31,646**
MERCEDES-BENZ (imported car)	**254**	**368**	**2,157**	**2,580**
N.A. car	945	0	5,419	0
Imported car	1 950	1,816	13,067	15,089
Truck**	141	1,082	7,567	8,770
NISSAN	**4,036**	**2,900**	**26,053**	**23,859**
PEUGEOT (imported car)	**15**	**13**	**103**	**72**
SUBARU (imported car)	**787**	**888**	**5,124**	**4,354**
N.A. car	124	121	854	248
Imported car	507	885	3,205	5,142
N.A. truck	360	422	2,470	1,217
Imported truck	378	516	2,463	3,869
SUZUKI	**1,389**	**1,944**	**8,992**	**10,476**
N.A. car	1,862	852	13,510	6,290
Imported car	4,532	4,285	32,215	40,225
Imported truck	1,599	1,327	12,182	10,559
TOYOTA	**7,993**	**6,464**	**57,907**	**57,074**
Imported car	3,052	3,090	20,909	21,053
Imported truck	98	122	578	647
VOLKSWAGEN	**3,150**	**3,212**	**21,487**	**21,700**
N.A. car	136	223	1,097	1,896
Imported car	294	166	1,692	1,430
VOLVO	**430**	**389**	**2,789**	**3,326**
N.A. car	**58,318**	**50,987**	**383,488**	**388,435**
Imported car	**25,770**	**23,010**	**180,526**	**177,923**
TOTAL CAR	**84,088**	**73,917**	**564,014**	**566,358**
N.A. truck	**33,254**	**30,290**	**214,692**	**231,019**
Imported truck	**5,311**	**5,165**	**40,465**	**38,985**
TOTAL TRUCK	**38,565**	**35,365**	**255,157**	**269,884**
TOTAL CANADA SALES	**122,653**	**109,282**	**819,171**	**836,242**

*Includes Passport and Saab sales.
**Break down of N.A.-built and imported sales not available.
NOTE: N.A. sales are cars and trucks built in the United States and Canada.
Source: Automotive News Data Center and Assn. of Ind. Automobile Mfrs. of Canada

Canada sales climb 12% in July; cars and trucks share the gains

ANNE E. WRIGHT
Chief Statistician

Sales of light vehicles in Canada continued to pick up steam in July, rising 12.2 percent over 1990.

Car sales rose to 84,088, up 13.8 percent over the year-ago month. It was the fourth straight monthly increase for cars.

Truck sales also picked up speed, climbing 9.1 percent over July 1990.

Each of the Big 3 posted gains, and 10 import makes had double-digit increases. BMW, Hyundai, Nissan, Subaru and Toyota were up more than 20 percent each. Suzuki and Mercedes-Benz dropped about 30 percent.

General Motors of Canada reported its best July for cars since 1986. Its 40,764 sales were up 12.9 percent over the year-ago period.

GM also saw signs of hope in its truck sales, which rose 1.3 percent.

"Since a number of our truck sales are to the construction industry, this represents encouraging signs of economic recovery and growth," said Michael Erdman, vice president of marketing for GM's Canadian unit.

Chrysler Canada posted a 33.8 percent increase in combined car and light-truck sales for July. Led by minivans, the company's 10,486 truck sales set a record for the month.

Ford of Canada reported its second straight monthly car sales increase in July and its first monthly truck sales increase this year. Combined car and truck sales were up 6.2 percent over July 1990.

Ted C. Goellner, vice president of general sales for Ford of Canada, said the "general economic recovery" and buyer incentives are bringing people back into showrooms.

The July increase brought total Canadian car and light-truck sales to 819,171 for the first seven months of this year. That was 2.0 percent below the 1990 total.

CHRYSLER

FROM PAGE 3

automatic transmission (the electronic A-604 transmission that *Consumer Reports* labeled a lemon), andChrysler had enough ammo to take care of that," Harris said.

Chrysler's publicity problems have largely resulted from various efforts to raise cash, such as its proposed new-stock issue, the proposed sale to partner Mitsubishi Motor Co. of Chrysler's share of their Diamond-Star Motors joint-venture plant in Normal, Ill., which has received FTC approval, and possible sale of Chrysler's stock in Mitsubishi.

One of the most direct predictions of Chrysler's demise to appear in the media came in the Aug. 8 issue of *USA Today*.

The article covered Chrysler's proposed mid-September sale of 56 million shares of new common stock to raise more than $700 million. The story quoted William Unverzagt, senior investment officer of the Oregon public employees retirement system: "Why would anybody want to buy stock in a company that probably won't be in business two or three years from now?"

The same article raised the issue of a merger partner for Chrysler. It quotes Chrysler President Robert Lutz as saying, "You can't find a husband for a woman who's on her deathbed in the hospital." Lutz quickly added, "If you're so sick you need a partner, you can't get one."

A separate article in the same issue quotes Michael Mulvaney, of Moody's Investors Service, as saying that even the sale of additional stock "doesn't solve the fundamental financial difficulties" of Chrysler.

Newpapers such as the *Boston Globe* and *The New York Times* have drawn attention to Chrysler's underfunded pension obligations, enormous amounts of money required to retool for new products and a generally "troubled" and ailing position.

Thomas Kowaleski, Chrysler manager of product and marketing public relations, said officials were "disappointed" but not overly concerned about the negative publicity. They're counting on the new products Chrysler will begin launching in January. Launches will start with the V-10 Dodge Viper followed by the Jeep Grand Cherokee in March and the new LH sedans in fall.

"We're just cranking like crazy on all the things that will begin happening in January. Our best PR campaign will be seeing the new products. When you have good products you don't need a lot of smoke and mirrors," he said.

Chrysler officials are relying on their new products for improvement. And they will need an improvement in the economy, which has devastated the financial results of all of the Big 3.

In the first six months of 1991, Chrysler lost $810 million on revenues of $13.61 billion, compared to a net profit of $251 million in 1990 on revenues of $16.48 billion for the first half of 1990.

At June 30, Chrysler had negative net working capital of $2.7 billion, about the same as at the end of the first quarter.

HANAWA

FROM PAGE 3

the road."

That sense of extreme need "is imprinted deeply on my mind," he says.

During those years, America was held up as "paradise," he recalls.

When he first arrived in the United States in 1979, he was surprised at the poor conditions in some of the inner cities. But in many areas, including the suburbs of Detroit, he saw "the big houses, the big cars, the paradise I had imagined."

Hanawa also remembers learning about American business methods after the war.

"We were told that Japan's way was slow and inefficient, and we had to do business like Americans did or we would not keep up," he said. "We were told we had three problems: lifetime employment, the seniority system and company unions."

Economists and manufacturing experts have long since recognized the three as being pillars of Japan's competitiveness.

Before coming to the United States, he admits, he thought that Americans did not work as hard as Japanese and, therefore, that the quality of the cars could not be as good.

"But I changed my mind," he says.

Nissan has taken the lead among Japanese automakers in promoting its American staff. Hanawa thinks that is essential, and he is critical of companies that rely on Japanese management in their U.S. operations.

"We have to ask ourselves whether we are giving jobs with enough challenge to Americans," he says, noting that U.S. managers and workers are justified in feeling angry at being frozen out of senior positions.

"One of the most important things is how much trust we put in Americans. I do believe we must trust the Americans," he says.

But the actual mechanics of working that out is not so easy, he says.

"The Japanese way of conducting business is that we do not actually clarify areas of authority in clear black and white terms," he says. "But Americans want to know what authority they have, what responsibility, and then they don't want others poking into that area."

He thinks Japanese management must set clear targets for their U.S. counterparts.

In sales, for example, "the Japanese way is to sell as much as possible. But Americans ask how many units we want them to sell. We just say, 'As much as possible.' Then they have to do their best, even though the object is not clear."

Now, he says, he is adjusting to the American way. "One day, I say, 'Do this much.' Next year, I ask, 'How did you do?' "

Back in Tokyo, he is doing some of the same things he was doing last year in the United States, when he says he was arguing with the home office constantly to get enough product to the dealers.

Hanawa started with Nissan in 1957, after graduating from Tokyo University with a degree in economics. He was manager of personnel sections in two plants in Japan before joining the U.S. operation, later becoming general manager of corporate planning.

Now, as an executive vice president with extensive American experience and a key adviser to President Yutaka Kume, his name appears on many lists of candidates for the top office.

10-DAY CAR AND TRUCK SALES, BY MAKE

	Aug. 1-10, 1991	Aug. 1-10, 1990
ALFA ROMEO (imp. car)*	56	88
Acura (imp. car)	3,981	3,117
Domestic car	12,245	7,617
Imported car	4,084	4,220
Honda	16,329	11,837
AMERICAN HONDA	19,338	14,954
ASTON MARTIN (imp. car)*	1	1
BMW (imp. car)*	972	942
Domestic car*	2,740	3,198
Imported car*	9	45
Domestic truck*	76	65
Chrysler Division*	2,825	3,308
Domestic car*	5,295	6,782
Imported car*	716	429
Domestic truck*	8,561	9,290
Imported truck*	59	157
Dodge*	14,630	16,658
Domestic car*	1,228	1,504
Imported car*	156	225
Eagle*	1,384	1,729
Domestic truck*	3,307	4,654
Jeep*	3,307	4,654
Domestic car*	3,137	4,183
Imported car*	313	361
Domestic truck*	3,156	3,330
Plymouth*	6,606	7,874
Domestic car*	12,400	15,667
Imported car*	1,195	1,060
Domestic truck*	15,099	17,339
Imported truck*	59	157
CHRYSLER CORP.*	28,753	34,223
Imported car*	131	129
Imported truck*	39	93
DAIHATSU*	170	222
FERRARI (imp. car)*	16	16
Domestic car	26,911	32,318
Imported car	747	1,323
Domestic truck	27,564	34,250
Ford Division	55,222	67,891
Domestic car	4,291	6,095
Lincoln	4,291	6,095
Domestic car	8,181	8,957
Imported car	1,395	1,480
Mercury	9,576	10,437
Domestic car	39,383	47,370
Imported car	2,142	2,803
Domestic truck	27,564	34,250
FORD MOTOR CO.	68,809	84,423
Domestic car	12,022	10,671
Buick	12,822	10,671
Domestic car	3,401	3,910
Cadillac	3,401	3,910
Domestic car	24,048	29,890
Imported car	2,710	2,748
Domestic truck	26,367	32,379
Imported truck	122	76
Chevrolet	53,247	65,093
GMC (dom. trk)	7,246	8,071
Domestic car	9,486	9,034
Domestic truck	677	595
Oldsmobile	10,163	9,629
Domestic car	9,319	12,106
Imported car	1,629	1,456
Domestic truck	622	785
Pontiac	11,570	14,347
Domestic car	1,659	0
Saturn	1,659	0
Domestic car	59,935	65,611
Imported car	4,339	4,204
Domestic truck	34,912	41,830
Imported truck	122	76
GENERAL MOTORS	99,308	111,721
HYUNDAI*†	2,271	2,134
Imported car*	164	77
Domestic truck	672	192
Imported truck*	1,395	1,066
ISUZU*	2,231	1,335
JAGUAR (imp. car)*	167	282
LAMBORGHINI (imp. car)*	3	3
LOTUS (imp. car)*	5	5
MASERATI (imp. car)*	4	4
Domestic car	1,114	1,624
Imported car*	2,484	2,834
Domestic truck	253	0
Imported truck*	2,611	1,950
MAZDA*	6,462	6,408
MERCEDES-BENZ (imp. car)*	952	1,057
Domestic car	1,814	891
Imported car*	1,496	972
Imported truck*	490	761
MITSUBISHI*	3,800	2,624
Infiniti (imp. car)	1,088	421
Domestic car	1,704	1,968
Imported car*	6,049	5,506
Domestic truck	2,372	2,296
Imported truck*	3,749	2,918
Nissan*	13,874	12,688
NISSAN MOTOR CORP.	14,962	13,110
PEUGEOT (imp. car)*	56	67
PORSCHE (imp. car)*	81	150
RANGE ROVER (imp. truck)*	48	90
ROLLS/BENTLEY (imp. car)*	10	20
SAAB (imp. car)*	433	726
STERLING (imp. car)*	99	55
Domestic car	822	557
Imported car*	925	1,662
SUBARU*	1,747	2,219
Imported car	95	107
Imported truck	275	200
SUZUKI†	370	307
Lexus (imp. car)	1,461	1,463
Domestic car	7,391	8,573
Imported car	6,018	8,641
Imported truck	5,834	7,434
Toyota	19,243	24,648
TOYOTA MOTOR SALES	20,704	26,111
Audi (imp. car)*	154	310
Imported car*	1,658	2,309
Imported truck*	136	142
Volkswagen*	1,794	2,451
VWoA*	1,949	2,762
VOLVO*†	1,153	1,528
YUGO (imp. car)*	56	112
Domestic car	136,988	149,878
Imported car	42,819	47,025
TOTAL CAR	179,627	196,903
Domestic truck	90,672	95,907
Imported truck	14,758	14,889
TOTAL TRUCK	95,630	110,796
TOTAL CAR & TRK	275,257	307,699

*Estimated †Breakdown of North American built and imported car sales not available.
There were 9 selling days in the period this year and 9 last year.

CERTIFY

FROM PAGE 4

eral European makers have abandoned the American market for many reasons. But multi-million-dollar U.S. compliance programs were factored into those decisions.

"I remember our director of engine development telling me that the company sold 15 percent of its cars in the U.S. and he had 50 percent of his engineers working on U.S. emissions problems," Drexl says.

Some import-company executives wonder if this growing mountain of standards may be a form of trade barrier.

"It's definitely moving in the direction of greater difficulty," says Wilhelm Hall, manager of emission-control systems for BMW of North America. "But really, the primary trade barrier is the fuel-economy requirements, which are done during the same tests as emissions. And we believe those requirements are most unfair to us. Obviously, smaller carmakers will have more difficulty absorbing compliance expenses."

Hall estimates BMW's costs for U.S. compliance in the "hundreds of millions of dollars." But he says BMW is determined to stay in the U.S. "no matter where the costs go" because "history has shown that the U.S is the proving ground for new technology."

Cliff Tyree, a project manager in the EPA certification branch in Ann Arbor, Mich., says makers' costs for compliance should have dropped in the last few years. He says procedures and regulations have been fairly static and future standards should not present significant cost or equipment change.

Some makers say that compliance is just another part of the cost of doing business in the U.S.

"It certainly wasn't just the cost of certification that made Peugeot pull out of the U.S. market," says Richard Lucki, U.S. factory representative for Peugeot Motors of America. "Yes, there were considerable changes to the 405 to comply. Emissions systems, injection equipment, on-board diagnostics are all different on U.S. vehicles. Vehicles must also be reinforced for crash requirements and fuel-system integrity. But it has to be done."

Lucki adds that almost all of the compliance requirements for the 605, which Peugeot had hoped to sell here, were completed before the decision to pull out of the U.S. market. The car was conceived and engineered as a world car.

Despite international automakers' attempts to build world-vehicles that comply in all markets, U.S.-bound vehicles still undergo many hardware changes.

One engineer from a European-car company says it takes nine months to complete certification. And he predicts that the tougher impending clean air standards and 100,000-mile durability requirements for emission systems will likely stretch that period to a year.

Upturn stalls; Aug. 1-10 sales decline 10.5%

DAVID VERSICAL
National Editor

Any sales momentum the industry gained in recent months hit a roadblock in early August.

Total car and truck sales were down 10.5 percent from last year. While the decline was a bit less than the industry's 13.4 percent drop through July, the early-August period was compared to a terrible 10-day stretch a year ago.

Iraq invaded Kuwait on Aug. 2, 1990. And the corresponding 18.4 percent decline in domestic sales at the start of that month prompted Chrysler Corp. Chairman Lee Iacocca to declare, "The industry is in the tank."

That was again the case for most domestic divisions. Every Ford Motor Co. make was off, with Lincoln diving 29.6 percent. Sales at each of Chrysler's divisions fell at least 12 percent, according to *Automotive News* estimates. The only gainers among Big 3 divisions were Oldsmobile, up 5.5 percent, and Buick, a continuing bright spot, up 12.7 percent.

American Honda Motor Co. Inc. and Nissan Motor Corp. in U.S.A. also provided some exceptions. Honda Division sales increased 38.0 percent. And Nissan reported a 9.4 percent gain for its Nissan Division while its Infiniti sales more than doubled, to 1,088.

Infiniti sales have improved sharply in recent months. Infiniti dealers give credit to a new program that ties dealer cash to customer satisfaction. As dealers explain, they get no cash if their stores fall below minimum CSI goals. But if they exceed the standards, the amount of cash increases as sales volume and CSI ratings rise.

One dealer said $5,000 was the top award per car, but an Infiniti spokeswoman said that was "too high." She declined to give details.

Total car sales in the United States were off 8.8 percent in early August; truck sales dropped 13.7 percent. *Automotive News* estimates 10-day sales for most import makes and Chrysler Corp.

There were nine selling days in the sales period each year.

Staff Reporter Kristine Stiven Breese in Los Angeles contributed to this report.

Chrysler adds rebate on America; buyer cash boosted on other cars

Chrysler Corp. has increased the customer rebates on several of its 1990 and 1991 cars and has added the 1991 Dodge Shadow America and Plymouth Sundance America to the payment list.

Buyers of the price-leader America models will receive a $700 rebate until Sept. 30.

Elsewhere, customer rebates have been hiked $300 and $500 on a number of models.

The 1991 Shadow convertible received a $500 increase, to $2,000.

Also raised $500 were the rebates on the 1990-91 Chrysler LeBaron sedan, Plymouth Acclaim, Dodge Spirit, Plymouth Laser RS Turbo and Eagle Talon TSi, plus the other 1991 Lasers and Talons and the other 1991 Shadows and Sundances.

Customer rebates have been increased $300 on the 1991 Eagle Summit ES three-door, 1990-91 Summit four-door, 1991 Plymouth/Dodge Colt GL and base three-door, all 1990 Colts and the 1990 Sundance/Shadow (excluding the America).

Chrysler made no changes in its consumer rebates on Dodge trucks, Jeeps and minivans.

All of Chrysler Corp.'s incentive programs are scheduled to expire Sept. 30.

Volvo has extended its dealer incentive package to Sept. 2. The importer is paying dealers $1,500 for sales of the 740 and the 940 Turbo and GLE models.

— Darrell Pressley

INCENTIVE WATCH
DEALER INCENTIVES
CONTINUING PROGRAMS

ALFA ROMEO (expires Dec. 31)
164, 164L automatic (1991) — Up to $200 per car monthly in floorplan aid

AUDI (expires Sept. 30)
100/200 — $2,000-3,500

CHRYSLER CORP. (expires Sept. 30 unless otherwise noted)
Dodge Shadow, Spirit (1991) — $100-700, quota
Monaco (1991) — $1,000-2,000, based on sales
Dodge truck
Ram Club Cab (1990-91) — $1,000
Ram D/W (1990-91) — $500
Ramcharger (1990-91) — $1,000
Eagle Premier (1991) — $1,000-2,000, based on sales
Jeep Cherokee (1991) — $500
Plymouth Sundance, Acclaim (1990-91) — $100-700, quota
Minivans (1991) without air bags — $500

FORD MOTOR CO. (expires Sept. 30)
Ford Crown Victoria (1991), Mercury Grand Marquis (1991) — $1,000

GENERAL MOTORS
Cadillac Allante (1991) (no expiration date) — $7,500 on first sale, $8,500 on additional sales
Oldsmobile (expires Sept. 25)
Eighty Eight (1991) — $1,000

HONDA (expires Sept. 3)
Civic 4-dr. (1991) — $400

HYUNDAI (expires Oct. 2)
Sonata SE, Scoupe SE (1991) — $100-300, based on sales

ISUZU (1991 models, expires Sept. 15)
Cars — $700-1,500
Trucks — $700-1,800

MAZDA (1991 models; expires Oct. 2 on Navajo, Sept. 4 on others)
MX-6, MPV — $500
Navajo — $750
929, RX-7 — $2,000

MERCEDES-BENZ (1991 models, no expiration date listed)
300SE, 300SD, 300SDL, 300SEL — $3,000
420SEL, 560SEL — $5,000

MITSUBISHI (1990-91 models; expires Sept. 30 in California and Hawaii; Aug. 30 elsewhere; payments vary by regions.)
Mirage — $250-750
Eclipse — $200-1,500
Galant — $200-2,000
Trucks — $200-1,500

NISSAN (1991 models; expires Feb. 2, 1992, on 300ZX, Oct. 2, 1991, on others)
Sentra — $450
240SX — $600-900, quota
Maxima — $800-1,100, quota
Stanza — $1,800-2,100, quota
300ZX — $2,500-4,000, quota
Pathfinder — $1,000-1,400, quota
Trucks — $1,200-1,400, quota
Trucks (Calif. only) — $1,500

PEUGEOT (1990, no expiration date) — $2,000

SUZUKI (expires Oct. 3)
Swift (1990-91) — $700-1,000
Sidekick (1991) — $700-1,000

TOYOTA (1989-90-91 models; expires Sept. 4)
Corolla, Camry — $700-900, quota
Trucks — $500-1,200, quota

VOLKSWAGEN
All cars (1990, no expiration date) — $500-1,500

VOLVO (1991 models, expires Sept. 2)
740; 940 Turbo and GLE — $1,500

INCENTIVE WATCH — CUSTOMER INCENTIVES
CONTINUING PROGRAMS

CHRYSLER CORP.
Finance rates in lieu of rebates start at 7.9 percent on minivans, 2.9 percent on other models. Programs expire Sept. 30.

Chrysler Imperial (1990-91) — $2,000
New Yorker Fifth Avenue and Salon (1990-91); LeBaron sedan (1990-91) — $1,500
Other LeBaron (1990-91) — $1,000
N.Y. Landau (1990) — $700
Dodge Shadow conv. (1991) — $2,000
Monaco (1990-91); Dynasty (1991); Spirit (1990-91) — $1,500
Other Shadow (1991); Colt GL (1991); Colt and Vista (1990); Shadow (1990, except America); Dynasty (1990) — $1,000
Shadow America (1991); Daytona (1990-91); Colt base 3-dr. (1991) — $700
Colt Vista (1991) — $500
Dodge Trucks
Ram D/W, Ramcharger (1990) — $2,000
Ram van conversion (1990) — $1,750
Ram D/W (1991), Dakota, Ram van, Ram wagon (1990) — $1,500
Dakota, Ram wagon, van, conversion van, Ramcharger (1991) — $1,000
Ram 50, Power Ram 50 (1990) — $500
Ram 50, Power Ram 50 (1991) — $300
Eagle Premier (1991); Talon TSi (1990-91) — $1,500
Other Talon (1991) — $1,200
Talon (1990); Summit ES 3-dr. (1991); Summit 4-dr. (1990-91) — $1,000
Other Summit (1991) — $700
Summit base 3-dr. (1991) — $400
Jeep Cherokee (1990) — $2,000
Cherokee (1991), Grand Wagoneer (1990-91) — $1,500
Comanche (1990-91) — $1,000
Wrangler (1990-91) — $500
Plymouth Acclaim (1991), Laser RS Turbo (1990-91) — $1,500
Other Laser (1991) — $1,200
Sundance (1990-91, except America); Colt GL (1991); Colt (1990); Laser (1990); Colt Vista (1990) — $1,000
Colt Vista (1991) — $500
Colt base 3-dr. (1991) — $700
Sundance America (1991); Colt base 3-dr. (1991) — $700
Colt Vista (1991) — $500
All minivans (1991) — $500
All minivans (1990) — $1,500

FORD MOTOR CO.
(1991 models. Finance rates in lieu of rebates start at 2.9 percent on Escort, 4.8 percent on Festiva, 7.9 percent on other Fords and Mercurys. There are no finance incentives on Lincolns. Programs expire Sept. 25.)

Ford Festiva, Mustang — $500-1,000
Escort — $500-750
Tempo, Probe, Thunderbird — $1,000
Taurus SHO — $1,600
Other Taurus — $750-1,250
F series, Econoline — $500-1,000
Ranger — $1,000
Bronco — $1,500
Aerostar — $1,000-2,000
Mercury Tracer — $500-750
Topaz, Cougar, Capri — $1,000
Sable — $750-1,250
Lincoln Town Car, Continental, Mark VII — $2,000

GENERAL MOTORS
Expires Sept. 25. Finance rates in lieu of rebates start at 4.9 percent for Buick and Pontiac, 6.9 percent for Chevrolet and GMC.

Buick (1991)*
Skylark, Century, Regal, LeSabre — $250-1,000
Riviera, Reatta — $2,000
*Based on option package ordered.
Cadillac Seville, Eldorado — $1,500
DeVille, Fleetwood — $2,000
Brougham — $2,500
Chevrolet cars (1991)
Cavalier — $300
Geo Metro — $400
Camaro, Corsica, Beretta — $500
Geo Storm, Geo Prizm, Lumina, Caprice — $1,000
Chevrolet trucks(1991)
G van — $500-1,000
C/K (except 454SS), R/V — $500
Geo Tracker — $750
Astro, S/T pickup, S/T Blazer Tahoe, Lumina APV — $1,000
Other S/T Blazer (1991); V Blazer (1990-91), Suburban (1990-91) — $1,500
GMC
G van (1990), R/V (1991), Sierra (1991) — $500
Sonoma (1991), S15 Jimmy (1991 4-dr. SLT), G van (1991), Safari (1991) — $1,000
S15 Jimmy (1991), V Jimmy (1990-91), Suburban (1990-91) — $1,500
Oldsmobile (1991)
Oldsmobile has regional programs. This is an example.
Cutlass Calais, Cutlass Supreme, Olds 88, Silhouette — $1,000
Custom Crusier, Bravada — $1,000
Cutlass Ciera, 98 — $500
Toronado — $2,000
Pontiac (1991)
Grand Am, Trans Sport — $750
Firebird, Grand Prix — $1,000
Bonneville — $2,500

HYUNDAI (expires Oct. 2)
Excel (1990-91) — $500-1,000
Sonata (1990-91, except SE) — $1,000
Scoupe (1991, except SE) — $750
All models — $300 to military personnel
All models — $1,000 if Hyundai is traded

MAZDA
(1991 models; expires Sept. 4 on 626, Oct. 2 on Protege; 5.9 percent loans offered in lieu of rebates)
Protege — $600
626 — $1,000

MITSUBISHI
(1990-91 models; expires Sept. 30 in California and Hawaii, Aug. 31 elsewhere)
Mirage (national) — $750
Galant, Eclipse (Hawaii) — $1,000
Trucks (Hawaii) — $1,250-1,500

SUBARU (expires Oct. 2)
Loyale 4wd (1991) — $500
Legacy (1991) — $1,200
XT, XT6 (1991) — $2,000

NISSAN

FROM PAGE 1

Hesterberg should recognize a good deal of the structure and strategy. Much of it has been adapted from Infiniti. Although Infiniti sales have trailed rivals Lexus and Acura, Infiniti has an almost unblemished record in customer satisfaction. That's an area Nissan believes it has to improve if it is going to be truly competitive in the 1990s.

"It was our intention from the beginning not to do things the normal way at Infiniti," said Thomas Mignanelli, president of Nissan Motor Corp. in U.S.A. "We wanted to use Infiniti to test things and find new ways to solve old problems; we've done that." He calls Hesterberg's familiarity with the Infiniti approach "a secondary benefit." The primary one is that he's young and smart, Mignanelli said.

Nissan has begun to mimic Infiniti. For example:

- A pilot organization in Nissan's Dallas region mirrors the way Infiniti's regions are set up. The goal of the new program, due to be extended nationally during the next year or so, is to empower Nissan managers who are closest to dealers to make decisions. Many of those decisions are now made at headquarters.
- Nissan is slowly putting into effect a new dealer communications network that will resemble the satellite network Infiniti uses to connect all dealers with each other and regional and national offices.
- Infiniti dealers can earn up to $25,000 each quarter for top performance in the division's customer satisfaction program. Nissan Division is looking at similar ways to reward dealers.
- Both Nissan and Infiniti moved the sales needle in June and July. They did so with extremely expensive dealer incentive programs. Infiniti's program was tied to CSI performance; Nissan may begin doing that as well.
- While it would be too costly for Nissan to run a training facility for dealer personnel like the one Infiniti has in Scottsdale, Ariz., the regionalization program will emphasize training for dealership staff at the regional level.

"We have been testing rather novel concepts in how we deal with customers and dealers," Hesterberg said. "And you'll probably see pieces of that creep into the Nissan operation. We definitely think there are other applications for what we've been doing."

Under Infiniti's regional approach, dealers generally have less contact with national headquarters. As a result, many dealers, especially those outside California, don't know Hesterberg well.

"Earl is very astute and tuned into the market. But I was surprised to see him go because we were just getting comfortable with him," said Joe MacPherson, owner of MacPherson Infiniti in Tustin, Calif. "It's good for Nissan; I don't know what it means for us." Infiniti has not yet named a replacement for Hesterberg.

Another Southern California dealer praised Hesterberg's salesmanship. Hesterberg joined Infiniti in March 1990. Before that he was the regional general manager of Nissan's Jacksonville region. He joined Nissan from Ford Motor Co. in 1982 as parts, product planning and sales promotion manager.

"Earl has a real sales sense," said Fred Miller, who owns a Nissan and Infiniti store in Van Nuys, Calif. "A strong sales dimension has been lacking at Nissan. We need to go back to NML (Nissan Motor Co. Ltd., in Japan) and say, 'Stop thinking production, start thinking sales and marketing.' Earl will lead that charge."

At least one dealer was put off by Hesterberg's age: "I don't think he's been in long enough to do this. He's the most innovative general sales manager I've ever run across, but he sure is young."

But an automotive advertising source believes Hesterberg's age made him the ideal candidate for the Nissan Division job. "The job wasn't getting done, so they bring in this 37-year-old wonder kid. There's nothing wrong at Nissan that new leadership and a competitive lower-middle-segment car can't help."

That car, Nissan hopes, will be the 1993 Stanza. It will be aimed straight at the Honda Accord and Toyota Camry.

It will also give Hesterberg a chance to remedy what he sees as one of Nissan's biggest problems.

"We have among the best products in the world," he said. "The missing link is our communication of the competitive advantage to the consumer of buying one of our cars. Obviously, we must be able to do that better."

SOVIET

FROM PAGE 1

no firm plans are in motion. General Motors would not comment onany plans it may have for the Soviet Union.

All four Ford stores are joint ventures among Soviet, Belgian and German entrepreneurs. The Soviets hold about an 80 percent interest, said Ford spokeswoman Lin Cummins. She said the stores initially will get all of their vehicles from Ford of Europe.

Ford is focusing on fleet sales.

Ford will accept only hard currency for its vehicles and will not accept the Russian ruble, Cummins said, so the vast majority of the sales will be to businesses. She said one large company plans to purchase vehicles and sell them to its employees.

Although dealerships will sell both cars and trucks, Cummins said most of the orders have been for transit vans and minibuses, similar to the Ford Aerostar.

She said customers from the Ukraine and Moscow, the wealthier areas of the Soviet Union, are buying Sierra and Scorpio cars. Cummins did not know the prices of the vehicles in Russia.

She said an advertising blitz will take place later in the year, including television commercials, billboards and direct mail. She said Ford also will participate in a co-op ad program with the dealers.

Cummins said the Soviet Union's large population gives it the potential for the highest number of vehicle sales in Eastern Europe, but she said Ford's expansion plans depend on the Soviet Union's future financial and political situation.

This year, Ford has established 18 dealerships and 33 service centers in Eastern Europe. Cummins said Poland, Hungary and Czechoslovakia have been the biggest growth areas because "they have been liberated the fastest and have more money."

Ford also has a dealership in Bulgaria, Cummins said, and is considering outlets in Romania and Albania.

PRODUCTION

SCHEDULED PLANT CLOSINGS

Plant	Weeks down	Units lost/ week
CHRYSLER		
Bramalea, Ontario	8/19	
Dodge Monaco		300
Eagle Premier		1,000
FORD		
Lorain, Ohio	8/19	
Ford Thunderbird		2,014
Mercury Cougar		2,262
Oakville, Ontario	8/19	
Ford Tempo		2,600
Mercury Topaz		1,200
Louisville (Kentucky Truck)	8/19	4,298
Ford Econoline		
Ford Club Wagon		
GENERAL MOTORS		
Janesville, Wis.	8/19	
Chevrolet Kodiak		210
GMC Topkick		260
Lansing, Mich. (B Plant)	8/19, 8/26, 9/2	*
Pontiac Grand Am		
Wilmington, Del.	8/19, 8/26	*
Chevrolet Corsica		
Chevrolet Beretta		
TOYOTA		
Georgetown, Ky.	8/19	*
Toyota Camry		
Total U.S. car		**4,276**
Total Canada car		**5,198**
Total U.S. truck		**4,670**
Total units lost week of 8/19		**14,846**

*Model changeover
Source: Automotive News Data Center

Mercedes hikes prices by 4.4%

MONTVALE, N.J. — Mercedes-Benz of North America last week announced a sales-weighted price increase that averages 4.4 percent on most of its 1992 lineup. *Automotive News* estimates that the hike amounts to $2,215 per model.

The 11 models that have been priced go on sale Sept. 3.

Not included in the boost are the new top-of-the-line S-class four-door sedans, which go on sale in October. Also excluded are two new 300-class sedans, the 400E and the limited-production high-performance 500E. They are scheduled to appear at the end of this year.

Increases announced last week range from $600 on the 190E 2.3 four-door to $4,800 on the 500SL coupe/roadster.

1992 MERCEDES-BENZ PRICES

	1992 Price	Increase over 1991 price
190E 2.3 4-dr.	$28,950	$600
190E 2.6 4-dr.	34,000	900
300D 2.5 4-dr.	42,950	1,550
300E 2.6 4-dr.	42,950	1,550
300E 4-dr.	49,500	1,800
300E 4-dr. (4wd)	57,100	2,400
300CE coupe	60,400	2,500
300TE wagon	53,900	2,250
300TE wagon (4wd)	61,100	2,600
300SL coupe/rdst.	82,500	4,200
500SL coupe/rdst.	97,500	4,800

Designers from Calty peek at the future

PASADENA, Calif. — Car designers from Toyota's Calty Design Research Inc. in Newport Beach, Calif., saw 30 visions of the future in a summer design project they sponsored at Art Center College of Design here last week.

The project asked students to create any of three types of cars: A fun, lifestyle car based on a future need or intuition, a next-generation Celica, or a streamlined vehicle based on the Previa minivan chassis, with a long wheelbase and low, mid-mounted engine.

Alan Schneider of Studio City, Calif., used the Previa base to make his one-fifth scale model of "the ultimate expression of cab forward."

Michael Ma of Rosemead, Calif., designed a lifestyle car with "a happy face and open sides, a cross between a Jeep and a van" that includes bright yard chairs set facing each other in back so families will stay together and enjoy each other.

One car had clear Plexiglas panels exposing human legs and structural parts.

"Conceptually, we're looking for niche cars, a new area of vehicle. And the diversity we've found in this class is really amazing," said Erwin Lui, project chief at Calty and a designer of the new Lexus SC400 coupe.

The project is not intended to result in cars for manufacture.

Said design instructor Ed Taylor: "It's more important that these assignments reflect creativity, rather than that they be ready for production."

U.S. CAR

	Week Ended Aug. 17, 1991	Week Ended Aug. 10, 1991	Aug. to Date	Jan. 1 to Aug. 17, 1991	Jan. 1 to Aug. 18, 1990
Horizon	0	0	0	0	4,327
Sundance	2,000	2,037	4,776	32,892	50,842
Acclaim	0	0	0	48,338	62,963
Total Plymouth	**2,806**	**2,837**	**4,776**	**81,230**	**118,132**
LeBaron A	0	0	0	0	8,064
LeBaron J	0	0	0	18,697	31,326
N. Yorker C-Class	0	0	0	4,773	25,999
Fifth Avenue	0	0	0	20,697	17,937
Imperial	0	0	0	4,663	12,570
Total Chrysler	**0**	**0**	**0**	**48,730**	**96,896**
Omni	0	0	0	0	4,078
Daytona	0	4	4	4,940	20,877
Shadow	1,850	1,920	4,515	37,885	58,329
Dynasty	0	0	0	66,450	70,447
Spirit	0	0	0	43,369	58,050
Total Dodge	**1,850**	**1,924**	**4,519**	**152,644**	**211,781**
CHRYSLER CORP.	**3,656**	**3,961**	**9,295**	**282,804**	**425,779**
Escort	5,689	5,357	13,152	129,243	137,312
Mustang	3,336	3,516	8,328	56,658	88,727
Tempo	2,831	2,544	6,666	71,566	86,725
Taurus	4,981	3,836	10,379	197,844	227,200
Thunderbird	2,430	1,966	5,120	50,231	75,112
Total Ford Div.	**19,267**	**17,219**	**43,645**	**505,542**	**615,076**
Topaz	1,146	643	2,107	30,468	33,369
Cougar	1,824	1,939	4,783	40,751	49,857
Sable	1,430	1,210	3,256	65,182	68,781
Total Mercury	**4,400**	**3,792**	**10,146**	**136,401**	**152,007**
Continental	1,141	1,045	2,689	35,073	38,337
Mark VII	196	180	464	6,139	14,392
Town Car	2,667	2,446	6,293	82,508	98,400
Total Lincoln	**4,004**	**3,671**	**9,446**	**123,720**	**151,129**
Total L-M Div.	**8,404**	**7,463**	**19,592**	**260,121**	**303,136**
FORD MOTOR CO.	**27,671**	**24,682**	**63,237**	**765,663**	**918,212**
Skylark/Somerset	56	0	56	27,566	56,722
Century	2,030	1,327	3,357	55,449	41,930
Riviera	147	99	273	13,779	13,838
Electra/Park Ave.	1,780	1,577	4,133	69,877	24,835
LeSabre (fwd)	4,125	2,425	7,344	38,043	102,743
Roadmaster Sedan*	647	647	1,553	15,533	0
Roadmaster Wagon†	156	135	291	17,139	4,022
Reatta	0	0	0	1,206	5,277
Total Buick	**8,941**	**6,210**	**17,007**	**238,592**	**249,367**
Eldorado	197	97	313	6,820	13,009
Seville	435	256	757	14,921	23,570
Brougham (rwd)	460	415	875	11,732	17,911
DeVille (fwd)	3,718	3,708	8,890	95,702	100,174
Allante	64	64	154	2,009	2,871
Total Cadillac	**4,874**	**4,540**	**10,999**	**131,184**	**157,535**
Cavalier	3,182	1,600	4,782	159,813	204,395
Camaro	1,190	1,171	2,361	31,961	44,834
Corsica/Beretta	2,160	2,177	5,205	158,817	179,333
Caprice	2,325	2,135	4,460	83,926	161,072
Corvette	0	0	0	13,135	14,645
Total Chevrolet	**8,857**	**7,083**	**16,808**	**447,652**	**604,279**
Calais	0	0	0	34,616	64,657
Cutlass Ciera	3,105	2,016	5,121	51,906	48,972
Cutlass Supreme	1,933	41	1,974	63,981	56,493
Toronado	84	55	153	2,990	9,961
88 (fwd)	2,766	1,913	5,447	47,263	66,355
Custom Cruiser Wag.††	100	80	180	5,693	1,214
98	1,482	1,488	3,444	50,807	32,680
Total Oldsmobile	**9,470**	**5,593**	**18,319**	**257,256**	**285,532**
Sunbird	1,602	807	2,409	73,612	96,961
Grand Am	46	0	46	87,107	129,772
Firebird	840	679	1,519	11,347	27,632
Grand Prix	2,430	1,805	4,235	64,339	72,996
Pontiac 6000	0	0	0	19,603	36,411
Bonneville	2,542	2,775	6,551	39,709	50,091
Total Pontiac	**7,460**	**6,066**	**14,760**	**295,717**	**413,863**
Total Saturn	**1,881**	**1,881**	**3,842**	**52,297**	**0**
GENERAL MOTORS	**41,283**	**31,963**	**79,724**	**1,422,996**	**1,705,596**
DIAMOND-STAR*	**3,173**	**3,151**	**7,533**	**98,873**	**82,361**
Civic	1,922	1,855	4,456	57,030	73,981
Accord	7,575	8,386	19,004	227,354	202,411
HONDA	**9,497**	**10,241**	**23,460**	**284,384**	**276,392**
MAZDA*	**3,381**	**1,825**	**6,194**	**97,612**	**100,221**
NISSAN	**2,726**	**2,868**	**6,474**	**83,319**	**52,365**
Corolla	2,100	2,360	5,385	69,320	67,742
Geo Prizm/Nova	2,000	1,869	4,632	62,312	66,787
NUMMI	**4,100**	**4,249**	**10,017**	**131,632**	**134,529**
SUBARU-ISUZU Legacy	**1,215**	**1,229**	**2,898**	**35,997**	**17,946**
TOYOTA Camry	**3,455**	**4,239**	**9,369**	**136,253**	**137,567**
TOTAL BIG 3	**72,724**	**59,736**	**152,256**	**2,470,965**	**3,049,567**
TOTAL TRANSPLANT	**27,547**	**27,413**	**65,975**	**867,270**	**869,431**
TOTAL CARS, U.S.	**100,271**	**87,149**	**218,232**	**3,338,235**	**3,858,018**
TOTAL CARS, CANADA	**25,767**	**18,860**	**45,127**	**673,506**	**648,718**
U.S., CANADA CARS	**126,038**	**103,237**	**263,359**	**4,011,741**	**4,506,736**
U.S., CANADA CARS AND TRUCKS	**212,983**	**170,131**	**438,166**	**6,550,144**	**7,575,668**

*Estimate
††1990 totals reflect LeSabre (rwd) †1990 totals reflect Olds. 88 (rwd)
*Mazda includes MX-6, 626 and Ford Probe; Diamond-Star includes Eagle Summit and Talon, Mitsubishi Eclipse and Mirage and Plymouth Laser; CAMI includes Geo Metro and Suzuki Swift cars and Geo Tracker and Suzuki Sidekick trucks.

CANADIAN CAR

	Week Ended Aug. 17, 1991	Week Ended Aug. 10, 1991	Aug. to Date	Jan. 1 to Aug. 17, 1991	Jan. 1 to Aug. 18, 1990
Monaco	362	369	731	6,074	6,532
Premier	2,366	1,082	3,450	9,084	7,747
CHRYSLER CORP.	**2,728**	**1,451**	**4,181**	**15,158**	**14,279**
Tempo	3,534	2,531	6,065	68,911	74,807
Topaz	1,036	1,085	2,121	22,529	27,621
Crown Victoria	2,676	2,161	5,754	57,464	77,043
Grand Marquis	3,084	2,340	6,659	60,034	68,886
FORD MOTOR CO.	**10,330**	**8,117**	**28,999**	**208,938**	**248,357**
Celebrity	0	0	0	0	20,319
Cutlass Ciera	0	0	0	41,089	53,487
Lumina	5,787	1,981	7,768	138,452	0
Regal	2,757	1,061	3,818	74,255	58,433
GENERAL MOTORS	**8,544**	**3,042**	**11,586**	**253,796**	**286,256**
CAMI*	**498**	**298**	**858**	**64,929**	**0**
HONDA Civic	**2,288**	**1,858**	**4,731**	**67,161**	**85,983**
HYUNDAI Sonata	**495**	**459**	**1,176**	**17,988**	**12,498**
TOYOTA Corolla	**1,198**	**1,118**	**2,218**	**48,488**	**37,171**
VOLVO 740 and 940	**0**	**0**	**0**	**5,145**	**5,253**
TOTAL CARS, CANADA	**25,767**	**18,860**	**45,127**	**673,506**	**648,718**

U.S. TRUCK

Caravan	2,050	941	2,991	68,174	67,046
Dakota	1,700	1,264	2,964	48,996	42,991
Caravan C/V	50	17	67	2,176	4,171
Ram pickups	1,400	1,179	2,579	48,661	63,618
Total Dodge	**5,200**	**3,401**	**8,601**	**168,007**	**177,826**
Cherokee	4,100	4,174	9,666	81,376	95,847
Comanche	100	121	249	3,118	4,610
Grand Wagoneer	0	0	0	1,560	4,322
Wagoneer/Briarwood	50	113	191	1,684	2,298
Total Jeep	**4,250**	**4,408**	**10,106**	**87,738**	**107,077**
Voyager	1,700	802	2,502	57,219	62,823
Town & Country	50	36	86	2,028	2,078
Total C-P Div.	**1,750**	**838**	**2,588**	**59,247**	**64,901**
CHRYSLER CORP.	**11,200**	**8,647**	**21,295**	**314,992**	**349,804**
Aerostar	3,120	4,462	9,552	103,954	129,966
Bronco	490	157	750	9,420	33,303
Bronco II/Explorer	6,614	6,547	15,175	166,842	114,081
Navajo	324	42	446	6,436	0
Econoline	3,763	3,764	9,126	89,042	124,153
Heavies	753	0	1,164	21,731	34,722
Light trucks	5,685	6,157	14,996	186,422	290,043
Ranger	7,106	7,185	17,053	164,751	180,767
FORD MOTOR CO.	**27,855**	**28,314**	**68,273**	**748,698**	**907,035**
Astro	2,575	0	2,575	55,135	80,232
Blazer	127	171	385	5,530	11,403
Lumina APV	0	0	0	24,370	58,553
Mediums/Heavies	0	0	0	863	5,941
P-Model	516	0	516	12,634	15,501
Pickups	5,787	2,989	8,776	175,762	258,506
S10	5,537	3,206	8,891	159,529	148,963
S10 Blazer	1,913	5	1,918	20,954	63,293
Sportsvan/Van	447	217	664	25,257	38,437
Suburban	813	644	1,703	19,312	45,100
Total Chevrolet	**17,715**	**7,232**	**25,428**	**498,346**	**725,929**
Jimmy	107	75	196	1,481	3,523
Mediums/Heavies	0	0	0	1,361	6,751
P-Model	76	0	76	1,751	2,063
Pickups	1,942	945	2,887	77,440	91,474
S15/Sonoma	1,396	971	2,367	38,305	33,999
S15 Jimmy	602	1	603	7,390	21,298
Safari	1,050	0	1,050	24,046	28,834
Suburban	429	579	1,244	15,935	22,466
Vandura/Rally Vans	173	64	237	11,446	14,379
Total GMC	**5,775**	**2,635**	**8,660**	**179,155**	**224,784**
Silhouette	0	0	0	12,990	23,636
Bravada	0	0	0	9,838	0
Total Oldsmobile	**0**	**0**	**0**	**22,828**	**0**
Pontiac Trans Sport	**0**	**0**	**0**	**15,961**	**36,842**
GENERAL MOTORS	**23,490**	**9,867**	**34,987**	**717,291**	**1,011,191**
NAVISTAR	**1,566**	**0**	**2,184**	**44,718**	**46,238**
NISSAN Pickup	**2,726**	**2,680**	**6,474**	**82,185**	**92,421**
SUBARU-ISUZU	**998**	**885**	**1,981**	**32,880**	**18,264**
AM GENERAL	**498**	**498**	**998**	**12,888**	**14,498**
MISCELLANEOUS**	**2,858**	**2,858**	**6,398**	**84,628**	**96,888**
TOTAL TRUCKS, U.S.	**70,726**	**53,461**	**141,516**	**2,837,327**	**2,536,943**

CANADIAN TRUCK

Caravan	3,186	2,391	5,532	87,536	83,993
Caravan C/V	168	12	182	12,019	5,610
Ram Wagon	0	0	14	12,683	16,964
Ram Van	0	0	17	23,353	34,253
Total Dodge	**3,354**	**2,403**	**5,746**	**135,591**	**140,820**
Plymouth Voyager	2,956	2,492	6,322	66,803	66,869
Jeep Wrangler	1,590	1,602	3,818	36,938	36,385
CHRYSLER CORP.	**7,982**	**6,497**	**15,885**	**239,332**	**244,074**
FORD F-series	**3,629**	**2,648**	**7,055**	**83,714**	**80,464**
Light trucks	3,178	3,333	6,511	85,371	105,838
Vans	213	0	213	32,147	31,928
Total Chevrolet	**3,391**	**3,333**	**6,724**	**117,518**	**137,766**
Light trucks	1,072	630	1,752	32,873	41,132
Vans	79	0	79	13,973	13,309
Total GMC	**1,151**	**680**	**1,831**	**46,846**	**54,441**
GENERAL MOTORS	**4,542**	**4,013**	**8,555**	**164,364**	**192,207**
CAMI*	**398**	**198**	**498**	**29,123**	**26**
NAVISTAR	**185**	**125**	**348**	**4,543**	**6,124**
TOTAL TRKS., CANADA	**15,929**	**13,433**	**33,253**	**991,676**	**931,980**
U.S., CANADA TRKS.	**86,655**	**66,894**	**174,769**	**2,536,493**	**3,067,232**

**Estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz.
May contain error of one or two units due to rounding. Compiled by Anne E. Wright

Trucks top 2 million, but trail '90

BOB DeMAYER
Special Correspondent

U.S. truck production surpassed two million units for the year last week. In 1990, the two-million mark was reached nearly eight weeks earlier.

Automakers scheduled 100,271 cars last week, up 15.1 percent from the preceding week but down 5.1 percent from the year-ago week.

Year-to-date, U.S. car production is 3,338,235, down 13.5 percent from 1990.

Truckmakers planned to build 70,726 units last week, up 32.3 percent from the prior week and up 22.0 percent from last year.

So far this year, 2,037,327 trucks have been assembled, 19.7 percent behind 1990.

Automakers split last week's estimated production as follows: General Motors, 41.0 percent; Ford Motor Co., 27.6 percent; Honda of America Manufacturing Inc., 9.5 percent; New United Motor Manufacturing Inc., 4.1 percent; Chrysler Corp., 3.8 percent; Toyota Motor Manufacturing U.S.A. Inc., 3.5 percent; Mazda Motor Manufacturing (USA) Corp., 3.4 percent; Diamond-Star Motors Corp., 3.2 percent; Nissan Motor Manufacturing Corp. U.S.A., 2.7 percent; and Subaru-Isuzu Automotive Inc., 1.2 percent.

GM scheduled two shifts of overtime last Saturday at its Flint, Mich., (Buick City) plant. The plant produces the Buick LeSabre and the Oldsmobile Eighty Eight Royale.

Chrysler's St. Louis (No. 2) minivan plant worked two shifts of Saturday overtime.

Mazda continued to operate on overtime last week to make up units lost during an equipment breakdown on Aug. 2.

CANADA: Canadian car production was estimated at 25,767 last week, up 60.2 percent from the prior holiday week and up 108.5 percent from the same week last year.

So far this year, 673,506 cars have been assembled, 3.7 percent more than last year at this time.

Truck production last week was estimated at 15,929, up 18.6 percent from the prior week and up 28.9 percent from the year-ago week.

Ford has idled its Oakville, Ontario, assembly plant this week because of lagging sales in the United States. The plant makes Ford Tempo and Mercury Topaz models, and 80 percent of its production is exported to the United States.

The company has scheduled one shift of daily overtime this week at its St. Thomas, Ontario, car plant, which produces the Ford Crown Victoria and Mercury Grand Marquis.

NOTE

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Automotive News

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latenews

15-minute charge for Nissan electric

Nissan Motor Co. Ltd. planned to unveil a new electric vehicle today in Tokyo that can be recharged completely in 15 minutes, instead of several hours required by most proposed battery systems.

The Nissan FEV (for Future Electric Vehicle) uses a 444-pound nickel-cadmium battery and two motors rated at 27 horsepower each to achieve a top speed of 81 mph and a range of 100 miles driving at 45 mph, according to Nissan North America officials in Detroit. The aerodynamic 2+2 weighs 1,984 pounds and has a wheelbase of 96 inches. Its air conditioner uses a coolant friendly to the environment, and a heat-insulated windshield improves visibility.

Big 3 sales drop sharply

DETROIT — Big 3 vehicle sales for the middle 10 days of August totaled 197,678, falling 16.3 percent behind last year's 236,068.

Chrysler Corp. sales fell 23.6 percent according to *Automotive News* estimates, Ford Motor Co. sales were off 15.3 percent and General Motors declined by 14.6 percent.

Big 3 vehicles sold at a 24,710 daily selling rate compared to 29,509 in the 1990 10-day period.

see **LATE NEWS, 2**

LOW POINT

Recession is over, say analysts, but growth will be slow in '92 model year

CHARLES M. THOMAS
Staff Reporter

Showroom traffic is steadily improving at Rieneke Ford, but many of the customers are only browsing — they can't qualify for financing because they are so loaded with debt.

"Traffic is up, but a lot of them can't buy because their credit is such that they can't afford it financially," said William Rieneke Sr., owner of the Ford-Lincoln-Mercury dealership in Fostoria, Ohio.

The auto industry is languishing in a slump that started in 1989, according to some dealers, a full year before the economy was officially labeled in a recession. But the consensus among economists is

see **OUTLOOK, 34**

Less rental, fleet sales for '92 ➤ 3

Chrysler unveils 'Ultimate Guarantee' for '92 minivans

MARY CONNELLY
Staff Reporter

Chrysler Corp. will launch an aggressive five-prong minivan marketing assault Oct. 1 that may become a test program to wean the company from cash-back and low finance rate incentives.

Called the "Ultimate Guarantee," the program will give 1992 minivan buyers a resale value guarantee, a choice of warranties, a roadside assistance plan and a free car phone, according to dealer sources.

The Ultimate Guarantee marketing program begins Oct. 1 and continues during the fourth quarter, dealers said. Chrysler has not briefed dealers on specific details of the program. But dealers received an overview of the program last week at the company's annual new-model announcement show for dealers in Denver.

The minivan marketing program may supplant retail incentives such as cash-back [illegible] reduced financing offers on 1992 models. If so, the Ultimate Guarantee may serve as a pilot program to determine if Chrysler can break away from the costly retail incentives now plaguing the domestic auto industry. Chrysler's incentive costs averaged $1,296 per vehicle in the second quarter of 1991.

The U.S. auto industry has tried to get out from under cash back

see **CHRYSLER, 38**

Amati: A new era for Mazda

Dealers reply to division's call

DAVID VERSICAL
and KRISTINE STIVEN BREESE
Staff Reporters

After more than two years of operating in secret, Mazda Motor of America Inc.'s luxury car project got down to its first public task last week and took steps towards selecting a dealer body.

Mazda's new Amati division hopes to name its first dealers within a few months and plans to have 50 dealers in operation when the channel opens in spring 1994. If the initial response is any indication, Amati will be able to be selective. Within 48 hours of announcing that it would go ahead with a second sales channel, Mazda fielded 150 calls from dealers seeking information.

"The phone is ringing off the hook," said Jim Duffy, Amati's group sales manager. For Mazda, the move marks a bold step into a league where its larger Japanese competitors have already proven that Americans have a taste for Japanese luxury cars.

For U.S. luxury car dealers, Amati represents either more competition or a fourth opportunity to pick up a Japanese luxury franchise.

And for the maturing baby boomers Amati hopes to attract, the division means two more products to choose from in a luxury field that, Mazda predicts, will grow from 1.3 million units currently to 1.6 million by the mid-1990s.

That statistic was one item gleaned from Mazda's "exhaustive" two-year study of the luxury car market, conducted by its Pegasus task force.

Some dealers and analysts questioned whether Mazda was capable of supporting such a move and if the U.S. market could absorb another player.

But Amati's new general manager, Richard Colliver, outlined three reasons why Mazda felt confident enough to dismiss worries about the market's health and Japanese trade tensions and go ahead:

- "Dealer profitability is going to be a top priority," said Colliver.
- Amati will begin by selling two all-new sedans exclusive to the franchise. They will be built in a new assembly plant designed for luxury cars.
- The dealerships. Amati says it has taken the best ideas from Acura, Lexus, Infiniti and Saturn and will add some of its own to create a "warm and friendly place where customers and salespeople

see **AMATI, 36**

JOE WILSSENS/AN

Fielding questions at the Detroit announcement were Mazda Motor of America executives Richard Colliver, Amati division general manager; Yoshi Taura, president; and Clark Vitulli, senior vice president.

Turmoil in Soviet Union highlights opportunities for Western carmakers

JAMES R. CRATE
International Editor

Despite the likelihood of continuing economic and political disarray in the Soviet Union, last week's failed coup there clears the way for a long-needed overhaul of the moribund economy and points to greater, not reduced, investment potential there.

But the very fact of the failed coup underscores the West's obligation to underwrite Soviet reforms with massive injections of "targeted" assistance, economists and industry executives concurred last week.

"This puts great pressure on the West to help," a senior Ford of Europe executive, speaking on condition of anonymity, said late last week.

"The Putsch leaders, after all, considered widespread economic discontent to form the basis of their action. The fact they acted suggests to many Europeans that we might not have done enough in the past, and that we ought to get in there quickly."

Although reliable statistics are hard to come by, Soviet industrial output is off between 10 percent and 25 percent this year as individual factories, cooperatives and farms increasingly hoard their production for themselves or to "purchase" needed supplies.

At the same time, by some estimates inflation is running as high as 100 percent as the lifting of price controls and several devaluations of the ruble have sent prices soaring.

"If the reports and numbers are correct, then, in Western terms, the Soviet economy has collapsed," one analyst said.

To be sure, Americans have little direct stake in Soviet economic developments.

Even before the coup, the Soviet economy was in a free fall, and its trade and investment

see **SOVIET, 37**

Peugeot is negotiating to build its 605 sedan in the Russian city of Gorky.

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DeTomaso visits ailing Maserati subsidiary

JIM HENRY
Staff Reporter

Maserati Automobiles Inc. is selling fewer than 10 cars a month in the United States, which has some people with Maserati ties wondering how long the company can keep its presence here.

Alejandro DeTomaso, the managing director of Maserati and chairman of DeTomaso Industries, Maserati's longtime parent company, visited the Baltimore-based U.S. subsidiary last week.

DeTomaso couldn't be reached for comment about Maserati's U.S. future, but George A. Garbutt, president of the U.S. company, and Howard E. Chase, a New York attorney and corporate secretary, said they knew of no plans to quit the U.S. market.

Garbutt said 1991 sales are below last year's, when Maserati sold its 50 U.S. dealers only 87 cars, compared to 213 in 1989.

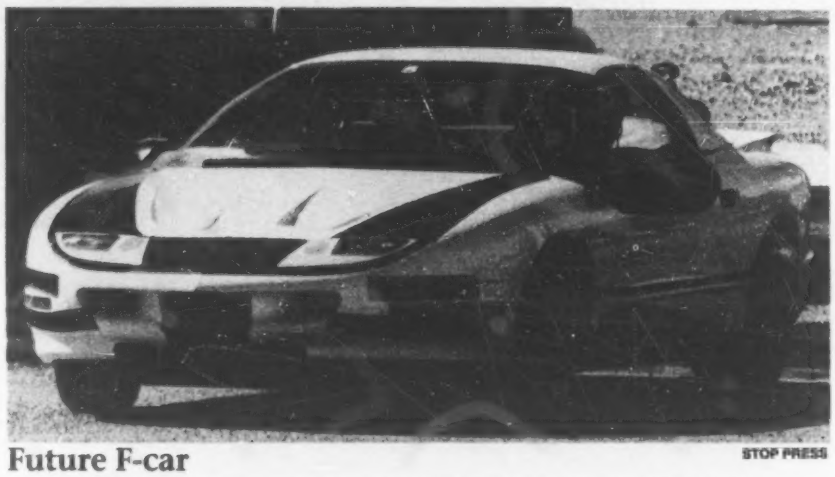
"I wouldn't shed any tears if he pulled out of the U.S.," said Patrick D'Angelo, a Cleveland attorney and member of the DeTomaso Industries board.

In terms of sales volume, it's "ridiculous" for Maserati to stay in the United States, said Max Haechler, a Maserati dealer in Scottsdale, Ariz., who also has Rolls-Royce and Alfa Romeo franchises. He said he's had some cars in stock for two years.

Even as sales of Maserati's own cars dwindle worldwide, the company is starting to take in some money building and developing cars for its sister Fiat subsidiaries.

Fiat Auto S.p.A. bought 49 percent of Maserati S.r.L and the Maserati trade name last year for $117.7 million.

DeTomaso Industries, which owns 43 percent of Maserati S.r.L., reported a second-quarter net loss of $1.7 million, an improvement over a $3.0 million loss for the same period last year.



STOP PRESS

Future F-car

Development work continues on the upcoming redesigns for the Pontiac Firebird and Chevrolet Camaro, due to bow midway through the 1993 model year. This prototype, thought to be a Firebird, shows concealed headlights, deeply sculpted air intakes on a nose more rounded than the current design, and flared front fenders.

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corrections

An article in the Aug. 19 issue incorrectly stated that Mazda sells its new sports coupe as the MX-3 in Japan. The car is sold under the names Presso and AZ-3.

latenews

CONTINUED *from* PAGE 1

There were eight selling days in the period this year and last.

New-car deliveries from Ford, GM and Chrysler totaled 117,073, trailing last year's 137,924 by 15.1 percent. New-truck deliveries totaled 80,605 compared to last years 98,144, a 17.9 percent decline.

Chrysler does its talking with Lee Iacocca's voice

HIGHLAND PARK, Mich. — Chrysler Corp. Chairman Lee Iacocca will play a prominent role in 1992 model year corporate advertising, sources said.

Iacocca will tout the upcoming Dodge Viper sports car and the company's new 7,000-person tech center in Auburn Hills, Mich., as examples of how the company has geared up to compete in the 1990s.

Sources also said Chrysler will follow through in the fourth quarter on an earlier promise to restore $40 million to $50 million cut from ad budgets during the industry's first quarter sales slump.

Ferrari gets injunction to prohibit F40 clone

ENGLEWOOD CLIFFS, N.J. — Ferrari S.p.A. has obtained a preliminary injunction enjoining the manufacture and sale of a "Xillion F40" replica.

Judge Federico A. Moreno of the U.S. District Court in Miami, upheld a magistrate ruling that Ferrari had a valid case of infringement and that continued manufacture and sale of the "Xillion F40" would result in irreparable injury to Ferrari.

This is the latest in a series of cases in which Ferrari has obtained recognition by court decision or court approved settlement of its rights in the distinctive appearance of Ferrari automobiles. The cases include cars now in production, such as the F40 and the Testarossa, and those no longer in production, such as the Daytona and the 308 and 328 models.

Isuzu selects new ad agency

LOS ANGELES — American Isuzu Motors Inc. has chosen San Francisco ad agency Goodby, Berlin & Silverstein to handle the creative and strategic planning for its $90 million national and regional account.

The new agency replaces Della Femina, McNamee/WCRS, which Isuzu dropped last spring. Della Femina created the lying pitchman Joe Isuzu. Goodby, Berlin & Silverstein's first ads will appear early next year, when Isuzu launches a new Trooper sport-utility.

The agency currently handles the Northern California Honda Dealers account. One controversial campaign contrasted "heathens" in Southern California with their more urbane neighbors in the Bay Area. Agency executives said it was too early to say if they'd have to give up the Honda dealers' business.

Goodby, Berlin & Silverstein will open an office in Los Angeles.

Isuzu Senior Vice President and General Manager E.F. "Fritz" Kern said Isuzu discovered "a real simpatico between the top people at our company and the principals at the agency."

Cadillac sets prices of '92 Eldorado, Seville

BLOOMFIELD HILLS, Mich. — Cadillac increased the prices on its 1992 base Eldorado and 1992 base Seville by $975 and $780, respectively.

The price for 1992 Eldorado is $32,470, up from $31,495 in 1991; the price of the 1992 Seville is $34,975, up from $34,195 last year. The 1992 Eldorado touring coupe is priced at $34,970 and the 1992 Seville STS is priced at $37,975.

Peter Gerosa, Cadillac general sales manager for sales and service, noted that the standard Seville and Seville STS come in at $5,000 and $2,500, respectively, less than the 1991 Lexus LS400, which starts at $39,000. Lexus has not announced 1992 prices.

Gerosa said Cadillac has made a commitment to dealers to not sell either car to daily rental companies for at least a year.

Mitsubishi Expo LRV carries $11,169 price tag

LOS ANGELES — Mitsubishi's new five-passenger Expo LRV sport wagon goes on sale today for $11,169. A companion model, the seven-passenger Expo, will have a base price of $13,549.

In May, Mitsubishi Motor Sales of America Inc. executives had said they expected the Expo LRV would start below $11,000 and the larger model would come in under $14,000.

Expo pricing could be a sensitive issue because the U.S. government is still investigating dumping charges against Japanese minivan makers. Although Mitsubishi says the Expos are cars, not minivans, the International Trade Commission and Department of Commerce have not excluded Mitsubishi from the investigation.

Chrysler offers dealers canned radio network

HIGHLAND PARK, Mich.— Chrysler Corp. is offering its dealers a closed-circuit radio network with programming that includes national and local dealer commercials.

Dealers get a choice of six recorded music formats, each with six 30-second national Chrysler commercials and six 30-second commercials customized to the dealer's products and services, said Mike Kelley, Chrysler sales promotion manager.

This is believed to be the first time an automaker has started such a program.

briefly

St. Louis pickets: 'Close at 6 p.m.'

The extended hours controversy, exacerbated by threats of bombs and other violence, continued last week at John Chezik **Honda** in St. Peters, Mo., with picketing by salespersons from other dealerships. The pickets' signs said: "Go home," "Greed," "Stop late hours Tuesday and Thursday," "Close at 6 p.m.," and "Will the owner work extra hours?" One picket, John Murphy of Dave Sinclair **Ford** in St. Louis, said, "We are trying to get them to close at six like everybody else." Another, from St. Charles **Nissan-Volkswagen**, said, "If they can't make it in 50 hours they can't make it. This is not a life." Pete Franklin, general manager of John Chizek Honda, said: "We want to stay open to sell cars. We want to be left alone. We want the right the work and feel we are being strong-armed."

POUNDING THE PAVEMENT — Lee Iacocca the salesman will tour several U.S. and European cities in September to drum up interest in the company's new equity offering of 56 million common shares. **Chrysler Corp.** told Wall Street analysts the tour will begin Sept. 3 in Detroit and end Sept. 26 in New York. Fifteen cities in the United States and Europe will be hit during the road show. Understudies Robert Lutz, Chrysler president, and Robert S. Miller Jr., Chrysler vice chairman, may fill in for Iacocca on some stops.

Salesman Lee: star of the show

GUILT COMPLEX — Jerry Hirshberg advises that **Nissan** Design International's famous excursions to movies have only a couple of rules: Everyone in the California office has to go, and they have to go in the daylight, so when they come out of a film (such as *Silence of the Lambs* and *Naked Gun 2½*), "they come out into the daylight and are forced to squint into the sun." It's meant to make them feel slightly guilty for playing hooky, says Hirschberg, the firm's vice president.

LOW LEVELS — On Aug. 1, domestic car inventories were at their lowest level in 10 years. The stockpile of 1,069,800 units was also the lowest Aug. 1 total since 1983, when there were 1,102,100 units in dealers hands, at ports of entry and in transit. Production cutbacks and enticing incentives consumer contributed to the reduction.

WINNER LOSES — The Institute of Electrical and Electronics Engineers Inc. will hold an interactive satellite TV conference Sept. 19 during which past winners of the Malcolm Baldrige National Quality Award, including **Cadillac**, will discuss their winning ways. According to the institute, the participants will "explain how to develop a quality program to gain market share, how to use the Baldrige Award as a self-assessment tool and how to build an effective quality team." Apparently, the institute doesn't realize that **Cadillac** has lost market share since it won the Baldrige Award last fall. At least Cadillac's William T. Lesner, who led the company's Baldrige quest and is now an examiner himself, will be able to discuss the other two key points of the institute's program. Corporations and universities are invited to participate for $1,000 or $850, respectively.

Which way for the Honda Way?

Philosophic legacy guides firm as it grows too big for old style

MARY ANN MASKERY
Staff Reporter

TOKYO — When automobile sales in the United States fell sharply early this year as the Gulf War discolored the world, Honda Motor Co. was the first Japanese company to trim its production plans and sales goals.

Automotive analysts wondered whether Honda, for political reasons, was trying to take a lower profile in a depressed American market. The reaction surprised President Nobuhiko Kawamoto. He said he was not concerned about what other companies did or what effect the announcement would have on politicians. It was a business decision, a reaction to a falling market.

"For this management team," he said, "it is important to act quickly."

Quick reaction, confidence, teamwork and uncanny timing have been hallmarks of Honda since it was founded in the ashes of World War II. Those characteristics were part of the founder himself, who died earlier this month.

Now Honda Motor Co. is in a transitional period, still firmly attached to the precepts of its founder, but at the same time aware that it can no longer function as an entrepreneurial shop.

Honda stumbled slightly in recent years. With weakening sales and a deteriorating image in its home market and thinner profit margins, commentators wondered if the Honda magic was gone. The feisty kid of the corporate world appeared to be growing old; Honda was too big for its own management style.

Attributes of the Honda corporate culture, many of which are rooted in Soichiro Honda's dynamic personality, have been evolving ever since he retired in 1973. The central philosophy of the company — the elusive Honda Way — continues to be the target of criticism from outsiders. But whatever it is, Honda Motor Co. seems to be adapting to it.

The troika of President Kawamoto and Executive Vice Presidents Shoichiro Irimajiri and Yoshihide Munekuni assumed office a year ago with the explicit intention of shaking up the decision making process. The new leaders talked with various branch offices, with dealers and employees.

"We finally concluded we need quicker action," Munekuni said. "The market is changing faster than us. We should be faster."

Their answer, a new management system described by Honda as "the largest restructuring since the company was established," was first imposed in March and is being worked out on the run.

It calls for a more centralized top-down structure that lays out clear lines of authority, a complete turn from Shoichiro Honda's unorthodox approach that left its impact on the company despite his own efforts to take a back seat in his retirement years.

The company still employs an open board room, where there are no offices, where everyone can talk, where top managers face each other from a circle of desks spaced barely 10 feet apart. The physical layout helps to promote *waigaya,* an internal company term for a kind of brainstorming approach to decision-making, which employees describe as part of "the unique Honda culture."

The brainstorming approach reflects Soichiro Honda's distaste for formality and any structured authority. But it was actually established after the retirement of Honda and his partner, Takeo Fujisawa. It was an attempt to fill in the void left by the founding geniuses by drawing on talent throughout the company. As such,

see **HONDA,** *33*

JOE WILSSENS/AH

Marilyn White, manager of advanced styling for PPG Industries, is deeply involved in the color world. She trained as a fine arts painter and dresses with flair. "I love color. I always have. I like to wear it, to put it together."

Color gurus have eyes on the future

Look for the '94s to be dressed in lighter, brighter hues

WILLIAM R. DIEM
Assistant Managing Editor

Non-shiny paint will take its first tiny sliver of the market in the 1993 or 1994 model year when it shows up on a production car.

The shiny bright wet look will continue to dominate car painting, says one color expert, but it will be joined by low-luster paint that can be used as accent in a two-tone.

Marilyn White, manager of advanced styling for the PPG Industries color studio in Troy, Mich., would give no details, but she indicated that an automotive customer last year had chosen one of the low-luster paints showcased in PPG's paint show, Environomics, aimed at 1994 models.

"We've had dark colors that we've used in some applications, like cladding," said White. "Now we've got something that's clean and bright and low-luster. It's open for the designer to consider using anywhere on a car."

The three giants of automotive paint are PPG, BASF Corp. and DuPont Co., each with about a third of the market. They market their paints in different ways, but the goal of each is to let car designers know what is possible, and what is likely to be popular.

The Environomics show went to Mexico City last month after starting in the fall of 1990; the 1995 show is being prepared now for visits this fall to domestic manufacturers.

In June, BASF invited car designers to come mingle and look at BASF technology and trend prediction for the 1995 model year. The 1995 color show DuPont is preparing will be shown about 200 times.

Follow that trend

The matte paint PPG sold is a result of proprietary PPG technology, but its potential colors are a result of trend. And everyone

see **COLOR,** *32*

Drop in fleet sales expected for 1992

JOSEPH BOHN
Staff Reporter

Reduction in daily rental sales and cost-cutting by major corporations are expected to reduce fleet sales in the 1992 model year.

Fleets, including daily rental, corporate and governmental segments, accounted for 21 percent of all vehicle sales in 1990, according to the National Automobile Dealers Association. That's up 2 percentage points from the previous year.

Fleet sales have been running at even higher, record levels this year.

But as General Motors, Ford Motor Co. and Chrysler Corp. reduce sales to rental car companies by stretching out the minimum length of time rental firms are required to keep the vehicles, sales to the rental market may fall as much as 20 percent during the 1992 model year, according to George Frink, Chevrolet director of fleet sales.

At the same time, many major corporations are stretching out trade-in cycles on their fleet vehicles to cut costs, according to Ken Klink, director of new vehicle purchasing for GE Capital Fleet Services in Eden Prairie, Minn.

Frink noted that domestic auto manufacturers have encouraged longer trade-in cycles on rental cars to reduce the number of program cars they cycle through the market.

Program cars are sold to daily rental firms, then repurchased by the automakers at guaranteed rates and redistributed to dealers through auto auctions.

They have cost the auto companies a lot of money in subsidies and have cut into new-vehicle sales.

Ford lengthened its minimal holding period for daily rental units to six months from four months in May. GM is following suit with the 1992 models.

> Sales to the rental market may fall as much as 20 percent.
>
> **George Frink**
> Chevrolet

Chevrolet's new minimum holding requirement will be six to nine months, depending on the geographic area, Frink said. There is still a four-month minimum period for Florida because of seasonal factors.

The longer terms will be reflected more in the spring and summer than the early part of the model year, Frink said.

Chevrolet's initial 1992 fleet order flow is up from last year, but "it's awfully early to mail out projections," about the market, Frink said.

GE Capital, which as part of its leasing and service operation handles 400,000 vehicles, sees the 1992 market as flat to slightly down.

Klink said, "We're seeing a lot of major clients stretching

see **FLEETS,** *33*

Toyota making big push to become player in fleets

JOSEPH BOHN
Staff Reporter

Toyota Motor Sales U.S.A. Inc. is pushing aggressively to get its restyled 1992 Camry under revolving red and blue lights.

At a meeting of law enforcement groups in Louisville, Ky., this month, Toyota paid the transportation costs and expenses for 200 managers of police fleets to tour its Georgetown, Ky., plant, where Camrys are built.

Toyota did not formally announce a program, but sales persons made it clear that a police package for the 1992 Camry is under serious consideration, said an official with the National Association of Fleet Administrators, which sponsored the law enforcement meeting.

Japanese automakers are trying to get a toehold in the commercial fleet market. Commercial fleets, including police fleets, is one of the last bastions of domestic sales strength. More than 98 percent of the all vehicles bought by commercial fleets are domestic nameplates, according to the fleet association, based in Iselin, N.J.

Some companies operating major fleets have policies against buying imports, and some fleet managers just consider it prudent to avoid them.

But many fleets are testing small numbers of import vehicles, and they "almost universally don't want to make public statements about what they're doing," said Dave Lefever, executive vice president of the association.

So far, no importer has made significant inroads into the market, but Toyota has made "an incredible effort to be the most visible company to fleets," said Lefever. "They do everything, are everywhere. Every fleet person they have pays dues to the NAFA."

Toyota is also buying ads, doing a lot of direct mail and making a lot of calls on people to increase its penetration of the fleet market, he added.

Nissan and Mazda are also vigorously pursuing the fleet market.

"Just a few years ago, fleets had to pay regular retail prices for an import. Now, they're beginning to offer more in terms of fleet incentives. They're doing more to advertise to fleet companies, and they are attending our conferences," Lefever said.

The National Association of Fleet Administrators has one major yearly convention; its 32 local chapters have monthly meetings. Import automobile officials have begun regularly attending those meetings, Lefever said.